



**EMADLANGENI
LOCAL
MUNICIPALITY**

DRAFT ANNUAL REPORT

2022/23

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ACRYNOMYS

ABET	Adult Basic Education & Training
AG	Auditor General
CBO	Community Based Organisation
CFI	Community Finance Institutes
CLLR	Councillor
COGTA	Cooperative Governance and Traditional Affairs
DoHS	Department of Human Settlement
DWS	Department of Water & Sanitation
ECD	Early Childhood Development
EPWP	Expanded Public Work Programme
EXCO	Executive Committee
HOD	Head of Department
IA	Internal Auditor
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
KM	Kilometre
KPAs	Key Performance Areas
LED	Local Economic Development
LF	Local Forum
MANCO	Management Committee
MFMA	Municipal Finance Management Act
MFMP	Municipal Finance Management Programme
MIG	Municipal Infrastructure Grant
MPT	Municipal Planning Tribunal

MSA	Municipal Systems Act
NGO	Non Governmental Organisation
NPO	Non-Profit Organisation
NT	National Treasury
OSS	Operation Sukuma Sakhe
PDMC	Provincial Disaster Management Centre
PLD	People Living with Disability
PMS	Performance Management Systems
PT	Provincial Treasury
RDP	Reconstruction and Development Programme
RPL	Recognition Prior Learning
SALGA	South African Local Government Association
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SLA	Service Level Agreement
SMMEs	Small Medium and Micro Enterprise
SPLUMA	Spatial Planning and Land Use Management Act
TLB	Tractor Loader Backhoe
TVET	Technical & Vocational Education & Training
WSP	Work Skills Plan
WULA	Water Utilization Licence

CHAPTER I

1.1 MAYOR'S FOREWORD

1. FOREWORD BY HIS WORSHIP THE EXECUTIVE MAYOR

HIS WORSHIP THE MAYOR: CLLR ML BUTHELEZI

Dear residents and stakeholders, It gives me great pleasure to present the Annual Report for the eMadlangeni Municipality for the financial year 2022/23.



This report serves as a reflection of our collective efforts, achievements, and challenges over the past year. The year 2022/23 has been a period of significant progress and growth for our municipality. We have remained steadfast in our commitment to delivering quality services, promoting economic development, and improving the overall well-being of our community. Through effective governance and strategic planning, we have made remarkable strides towards our vision

of a sustainable and prosperous municipality. **Infrastructure Development:** One of our key priorities has been the development and maintenance of critical infrastructure. In the past year, we have successfully completed several infrastructure projects, including the construction and upgrading of roads such as Rehabilitation of Kerk Street Phase 2, Rehabilitation of Loop Street, and Kerk Phase 3. Additionally, we have made substantial progress in electrifying various areas, including 134 households in Kwanzima, 8 connections in Estilenga, 9 connections in Kwantaba Phase 3, 17 connections in Kwaarpoort, 14 connections in Ndakwakazane, 180 connections in Wit-Umfolozi, 134 connections in Kwanzima, and 8 connections in Kwastilenga.

These initiatives have not only enhanced the quality of life for our residents but have also facilitated economic growth and improved connectivity within our municipality. **Service Delivery:** We recognize that efficient and reliable service delivery is crucial for the well-being of our community. Over the past year, we have made concerted efforts to improve service delivery in various sectors, such as electricity, roads, and waste management. Through increased investment and effective management, we have witnessed significant improvements in these areas, ensuring that our residents have access to essential services that meet their needs. **Economic Development:** We remain committed to creating an enabling environment for

sustainable economic growth and job creation. In the past year, we have implemented various initiatives to attract investment, support local businesses, and empower our residents through skills development and entrepreneurship programs. Notably, we have supported the refurbishment of Balele Game Park, which has contributed to the establishment of new businesses, increased employment opportunities, and the overall growth of our local economy.

Community Engagement: Meaningful community engagement lies at the heart of our governance approach. We believe that involving our residents in decision-making processes fosters a sense of ownership and promotes transparency. Throughout the year, we have actively engaged with our community through public meetings, forums, and social media platforms. We value the input and feedback received from our residents, as it helps us make informed decisions and prioritize their needs.

Challenges: While we celebrate our achievements, we acknowledge that we have encountered challenges along the way. The COVID-19 pandemic has posed unprecedented obstacles, affecting the delivery of services and straining our resources. However, we have risen to the occasion, adapting our strategies and implementing innovative solutions to mitigate the impact of the pandemic on our municipality.

Looking Ahead: As we move forward, we remain committed to building on our achievements and addressing the challenges that lie ahead. We will continue to prioritize service delivery, infrastructure development, and economic growth, while maintaining a strong focus on good governance and community engagement. I would like to express my gratitude to the residents of eMandlangeni Municipality for their continued support, patience, and understanding. I would also like to acknowledge the hard work and dedication of our municipal staff, as well as the contributions of our partners and stakeholders. It is through our collective efforts that we can realize our vision of a vibrant and prosperous municipality.

Thank you. Yours sincerely, Mayor ML Buthelezi eMandlangeni Municipality

CLLR ML Buthelezi

THE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.2 MUNICIPAL MANAGER'S FOREWORD

1.2 MUNICIPAL MANAGER'S FOREWORD

MUNICIPAL MANAGER: MRS G.N MAVUNDLA

Section 121(1) of the Local Government Finance Management Act 56 of 2003 (MFMA), stipulates that every municipality and municipal entity must for each financial year, prepare an Annual Report in accordance with the guidelines provided by the legislation according to the MFMA.

This report should include

- a) The Annual Financial Statements of the Municipality submitted to the Auditor General for audit in terms of Section 126(1) of the MFMA.
- b) The Auditor General's audit report in terms of Section 126(3) of the MFMA as well as Section 45(b) of the Municipal Systems Act.
- c) The Annual Performance Report as prepared in accordance with Section 45(b) of the Municipal Systems Act.
- d) Corrective Action either planned or taken in response to issues raised in the Auditor

General's report, as well as recommendations emanating from the Municipality's Audit Committee.

Annual Performance Report serve as one of the major tools that transparent the municipal progress and performance on key programmes that are set out to the municipal strategic document of the municipality. This report communicates with stakeholders about the municipal performance, on financial and non- financial matters for the year under review. We are very unfortunate that instability of the management has led into delays of service delivery. The municipality also filled middle management positions.

EMadlangeni Local Municipality is situated in rural areas, this has led into settlement challenges in the municipality and subsequently challenge in the distribution of resources. We are highly dependent on government grant which hinders us from meeting other community needs.

The audit outcomes for the three regulatory audits conducted by the AG are as following:

- a) The Annual Financial Statements: The Municipality received an unqualified audit opinion for the 2022/2023 financial year. The basis for this unqualified opinion is captured fully in the AG's Report, which forms part of this Annual Report.
 - a) Audit on the Annual Performance Report: The Municipality received a unqualified as an audit opinion for the 2022/2023 financial year. The reasons for the audit opinion are captured in detail in the AG's Report.
 - b) An Audit action Plan report is attached as part of the Annual Report.

One of our key priorities has been the development and maintenance of critical infrastructure. In the past year, we have successfully completed several infrastructure projects, including the construction and upgrading of roads such as Rehabilitation of Kerk Street Phase 2, Rehabilitation of Loop Street, and Kerk Phase 3. Additionally, we have made substantial progress in electrifying various areas, including 134 households in Kwanzima, 8 connections in Estilenga, 9 connections in Kwantaba Phase 3, 17 connections in Kwaarpoort, 14 connections in Ndakwakazane, 180 connections in Wit-Umfolozi, 134 connections in Kwanzima, and 8 connections in Kwastilenga.

It is obvious that 2021/22 was a very challenging year for the Municipality. However, the Municipality remains optimistic that the situation will improve in future. We remain committed to serving the people of eMadlangeni with commitment, professionalism and conscientiousness. We also remain committed to ensuring that the Municipality is managed in an effective, efficient and impactful manner, as we go forward.

We remain mindful of the fact that as public servants we are expected to be prudent and careful with the resources that the public has entrusted us with. We thank all citizens, staff and other stakeholders for their support during the year under review.

In conclusion, I take this opportunity to express my sincere gratitude to all role players who contributed positively towards good governance of the municipality more especially the political leadership, municipal officials, ward committees, provincial departments and our public at large. I still believe that eMadlangeni can do more on championing service delivery.

Mrs G.N Mavundla

MUNICIPAL MANAGER

1.3 ASSESSMENT OF ANY ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES BY THE MUNICIPAL MANAGER

The high levels of unemployment in the municipality's jurisdiction have impacted negatively on our ability to collect outstanding debt. Although the municipality is vast geographically, the population size is very small. Therefore, this is reflected in the small equitable share allocation because the formula put significant weight on the population size. In light of the above the municipality is still exploring ways of funding indigents as the equitable share is not enough and the indigent policy is not yet approved.

The aging municipal electricity infrastructure is also impacting negatively on revenue collection as electricity is lost in transmission, illegal connections and incomplete billings.

The municipality is licenced to supply electricity in the town leaving the vast area being supplied by Eskom which significantly reduce the revenue base.

Our municipal accounts consist of mainly electricity supply, rates, refuse removal and other revenue. Water supply and sanitation is the function of the District Municipality. To illustrate our point in the slow collection, rate our Municipality finds itself, see the billing sample of a month of June.

Table 1: Billing sample for Year 2022/23

Refuse collection billing for Year 2022/23	
Billing	R 2 202 387.82
Collection	R 1 369 668.44
Net-effect	R 832 719.38
Overall	62%

Rates collection billing for Year 2022/23	
Billing	R 25 510 137.68
Collection	R 18 314 197.77
Net- effect	R 7 195 939.91
Overall	72%

Conventional electricity billing for Year 2022/23	
Billing	R 10 971 888.11
Collection	R 8 245 668.25
Net – effect	R 2 726 219.86
Overall	75%

Conventional rental billing for Year 2022/23	
Billing	R 1 050 301.08
Collection	R 570 415.09
Net – effect	R 479 885.99
Overall	54%

Receivables/Debtors for year 2022/23	
Electricity	R 9 916 769
Property Rates	R 56 907 122

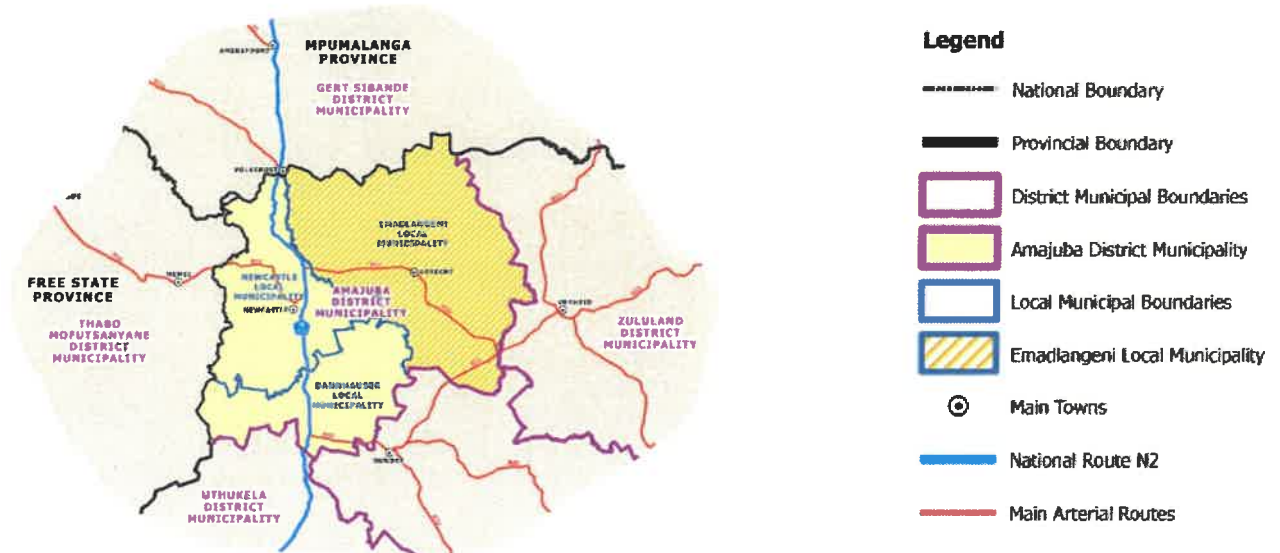
Refuse Removal	R 4 730 764
Sundry Debtors	R 1 447 353
Total debt	R 73 002 008

1.4 MUNICIPAL OVERVIEW

EMadlangeni Local Municipality (KZ 253) is located in the Amajuba District Municipality in the North-western corner of KwaZulu-Natal. Its area in kilometer squared is the largest in the district and comprises 3539km². Newcastle Local Municipality (KZ 252) and Dannhauser Local Municipality (KZ254) are respectively 1855km² and 1516km² in extent.

EMadlangeni Local Municipality (KZ 253) is surrounded by Newcastle East (52km), 68km west of Vryheid, South West from Dundee and North East from Volksrust/Wakkerstroom. It consists of a vast rural area when compared to other Municipalities in the District but has a low percentage of Economic Activity in the area.

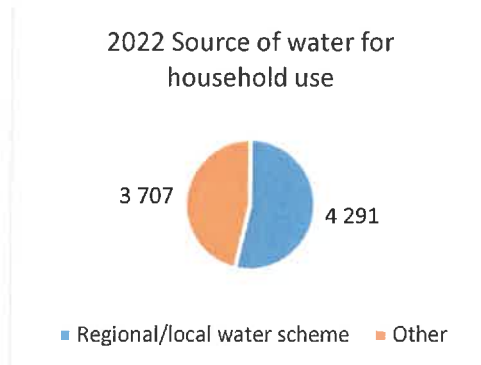
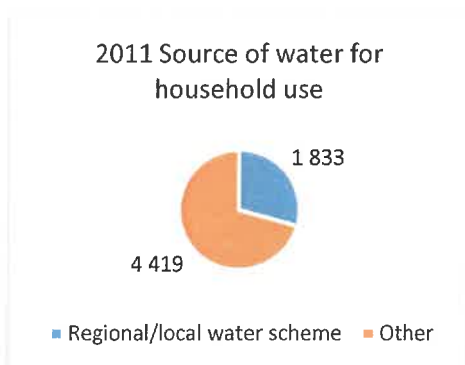
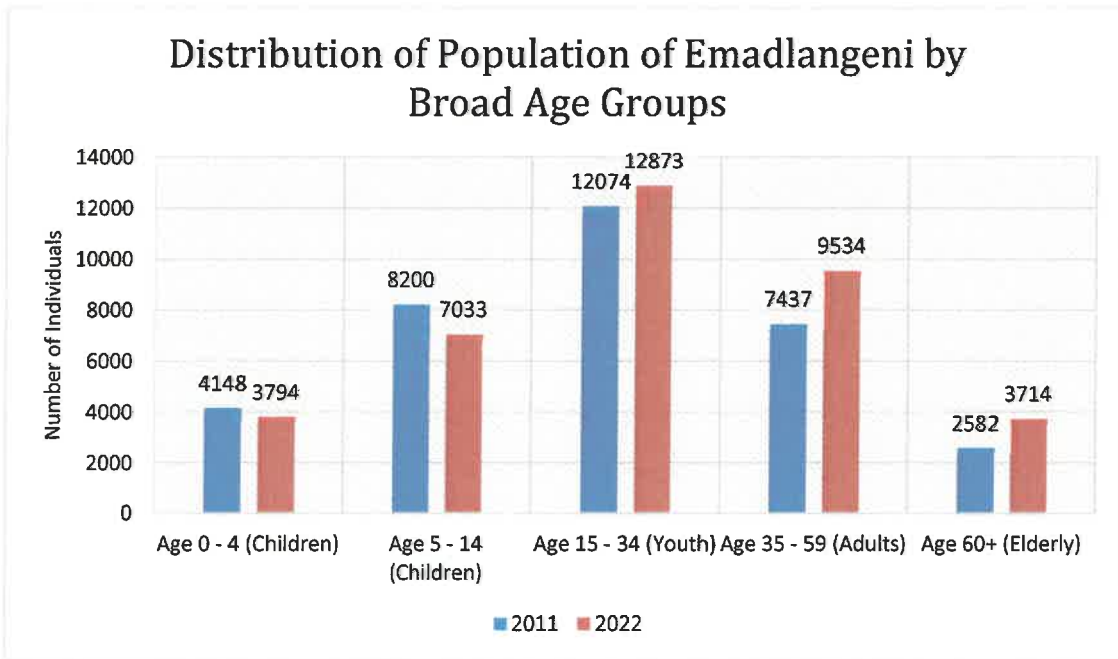
Map 1: EMadlangeni Regional Context



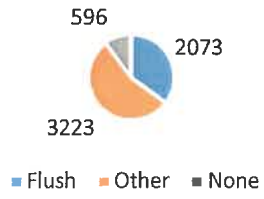
There was a slight increase in the population between 2001 and 2011. The population increased by about 2300 persons from 32 377 to 34 442 and the number of households from 6 189 in 2001 to 6 252 in 2011.

Population Growth

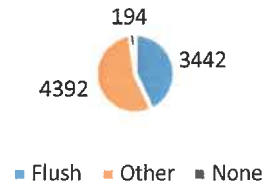
	year	eMadlangeni Municipality	Local
Census	2011	34442	
Community Survey	2016	36869	
% Growth		1.37%	



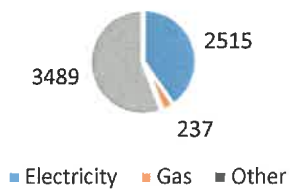
2011 Toilet facilities



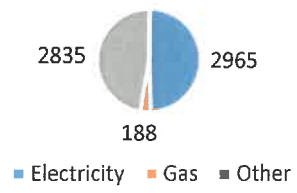
2022 Toilet Facilities



2011 Energy for Cooking



2022 Energy for Cooking



COMPONENT A:

COUNCIL'S VISION

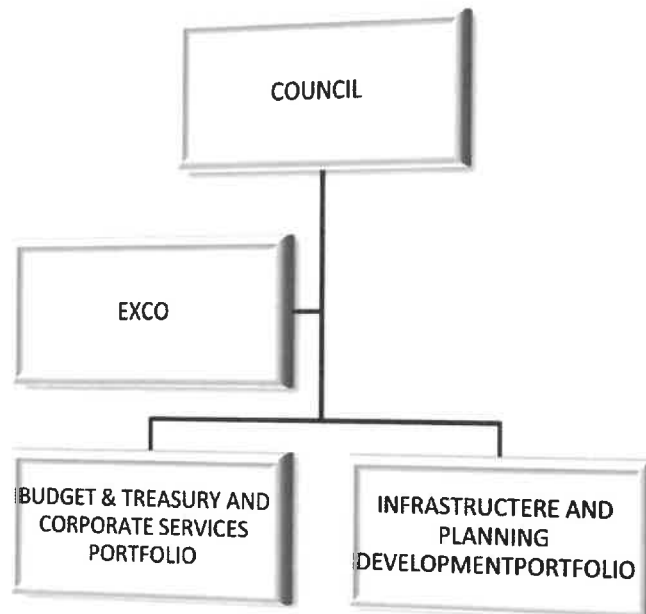
By 2036 eMadlangeni Local Municipality will be a self-sustaining exemplary local municipality with a diverse thriving economy where all citizens enjoy a high quality of life within a sustainable and resilient environment.

COUNCIL'S CORPORATE VALUES

The municipality pledges to its communities and stakeholders to:

- be embodiment of good governance;
- deliver services in an efficient and effective manner;
- promote and facilitate sustainable socio-economic development;
- create mutual trust and understanding between the municipality and the community;
- promote tourism, agriculture and mining, and facilitate the development of urban hubs in support of these economic sectors and delivery of services; and
- apply good and transparent corporate governance in order to promote community prosperity.

POLITICAL GOVERNANCE STRUCTURE



ADMINISTRATIVE GOVERNANCE

The Municipality have an approved 2022/23 organizational structure which is aligned to the IDP, in order to improve its operational capacity. During the year under review, the Municipality had a staff compliment of 150 during 2022/2023 of as opposed to 126 during 2021/2022 Financial Year. The Municipality needs to strengthen its Human Resources Policies and strategies to ensure that it does not lose employees.

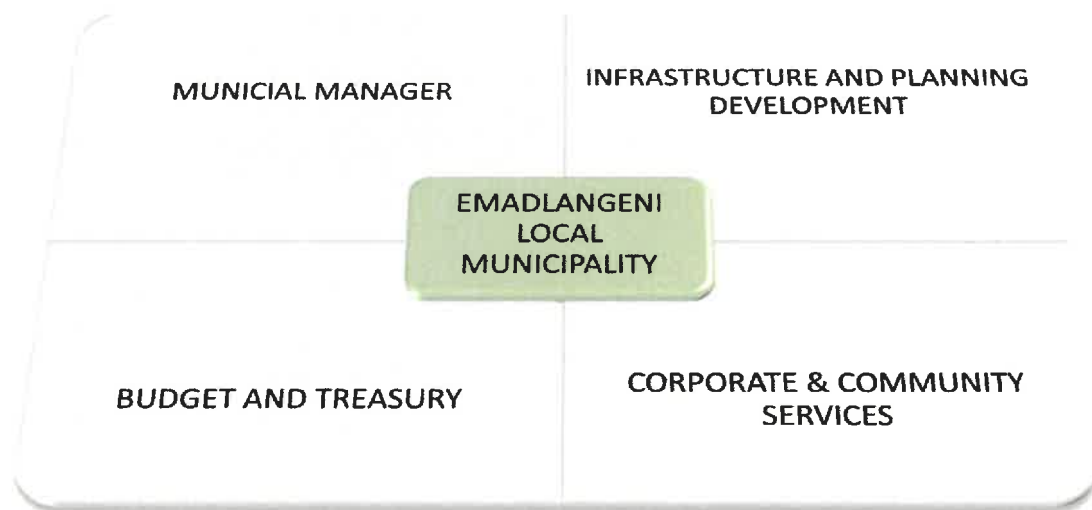
EMadlangeni Municipality comprises 4 Departments; one of which is the Office of the Municipal Manager and Three (3) report directly to the Municipal Manager, who is the Administrative Head. They are as follows

- Budget and Treasury;
- Corporate & Community Services and
- Infrastructure and Planning Development

EMadlangeni Local Municipality employees report to the Heads of Department (HODs) - who are Directors of different Departments. The HODs sit in Portfolio Committee meetings and discuss matters pertaining to their respective areas of operation. The relevant Portfolio Committee advises the HODs regarding solutions on how

departmental programmes and projects, for service delivery to the community, should be tackled. When the issues have been analysed, the Management Committee, consisting of Municipal employees at management level, assembles and finalizes the individual Portfolio Committee's outcomes to form one report which will be tabled to Council for Resolutions to be taken

ORGANISATIONAL STRUCTURE CAN BE SUMMARISED AS FOLLOWS



2.3 OCCUPATION AND GENDER EQUITY ANALYSIS

In terms of Section 20 of the Employment Equity Act 55 of 1998, the Municipality adopted the Employment Equity Plan which aims at implementing affirmative action so as to redress the imbalances of the past, in the workplace. Section 21 of the quoted Act requires the Municipality to report on progress achieved in implementing affirmative action.

2.4 MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

This Key Performance Area encapsulates the Municipality's commitment to the provision of the highest quality of service to its constituencies and to ensure that all strategies and objectives are adhered to, resulting in a productive and sustainable Municipality.

In terms of Section 152 (1) (e) of the South African Constitution, eMadlangeni, like all Municipalities, is obligated to encourage the involvement of communities and community organisations in the affairs of Local Government. This is further emphasised by Section 16(1) of the Municipal Systems Act 32 of 2000, which requires the Municipality to develop a culture of municipal governance that complements formal representative government with a system of participatory governance.

eMadlangeni Local Municipality has a functional Public Participation office which convene meetings in all Wards as per the unit calendar. The unit has developed the Policy on Ward Committee Establishment and Operations and it was adopted by Council.

There are 60 Ward Committee Members within the Municipality (10 per Ward) and they are no vacant posts all receiving a stipend of R1200 per month.

OPERATION SUKUMA SAKHE

The war room meetings are convened in all 6 wards within the eMadlangeni Local Municipality. All war rooms are functional. The Local Task Team (LTT) visits the war rooms quarterly for support and further interventions. The Warroom Chairpersons report to the LTT on Tuesdays twice a month. The war room meetings are attended by: sector Departments, CCGs, CDWs, Ward Committee Members, CWP, Forum members i.e. Disability Forum, Senior Citizens Forum, Women's Forum, Men's Forum, Child Care Forum as well as

Traditional Leaders and Faith Based Organizations. The war room meetings are championed by Ward Councilors. The LTT Executive was elected on the 10th of March 2022 in a meeting convened at the ELM, Council Chamber. The LTT is championed by His Worship, the Mayor of eMadlangeni LM.

WARD COMMITTEE FUNCTIONALITY

EMadlangeni Local Municipality Ward Committee obtained 100% as per the verification conducted by COGTA on a quarterly basis. Therefore, the ward committee was fully functional for the 2022/2023 financial period. The ward committee functionality is assessed as follows:

- Number of Ward Committee Meetings chaired by Ward Councilor-(annual target 72- actual 72) Achieved
- Number of Public Meetings chaired by Ward Councilor (annual target 4 meetings- actual 4) Achieved
- Number of Sectoral reports submitted (annual target 720, report submitted 700)
- -Ward Councilor's report (annual target 4 – actual 4 reports) Achieved

FUNCTIONALITY RESULTS OF EACH WARD PER QUARTER IN 2021/2022

Ward	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Challenges
1	Functional	Functional	Functional	Functional	-There were no challenges encountered for the reporting period
2	Functional	Functional	Functional	Functional	
3	Functional	Functional	Functional	Functional	
4	Functional	Functional	Functional	Functional	
5	Functional	Functional	Functional	Functional	
6	Functional	Functional	Functional	Functional	

Interventions by the Municipality to sustain the functionality

- The Public Participation Practitioner is dedicated and ensures that all the ward committee functionality assessment elements are met
- The Public Participation Practitioner ensures that ward committee members attend the quarterly ward committee meetings for debriefing, so that they will be able to serve their communities better.
- Ward committee schedules for meetings, warroom meetings and public meetings are made available to all ward committee members and ward councilors.
- Ward Based Plans and Ward Committee Operational Plans were compiled and adopted by Council
- Ward Committees were inducted on Code of Conduct, Roles and Responsibilities and ward committee functionality assessment process
- Ward Committee Members attend workshops, trainings and sector meetings conducted by various stakeholders in order to deepen their knowledge on public participation programs and to also improve their report writing skills.

COMPONENT B

INTERGOVERNMENTAL RELATIONS

The Intergovernmental Relations Framework Act No 13 of 2005 was promulgated to establish a framework for the National, Provincial and Local governments in order to ensure, amongst other, things the:

- Promotion and facilitation of intergovernmental relations;
- Provision for mechanisms and procedures to facilitate the settlement of intergovernmental disputes; and
- Provision for matters connected therewith.

The objective of the Act is based on the principle of co-operative governance as set out in Chapter 3 of the Constitution. The Act also aims to facilitate co-ordination in the implementation of policy and legislation including:

- Coherent government;
- Effective provision of services;
- Monitoring implementation of policy and legislation; and
- Realization of national priorities.

IGR ensure co-operative governance and to implement wall to wall development. This municipality participated in the following IGR Forum meetings that sat at District Level, wherein matters that were cross-boundary were discussed and the invited, relevant sector departments gave inputs on other technical matters:

- The Mayors Forum
- The Municipal Manager's Forum
- The Planning Forum
- The Infrastructure Development Forum
- The LED Forum
- The Corporate Services Forum
- Financial Management Forum

The Municipality also participates in other structures such as the forum of municipalities and members of the Executive Councils, the Speaker's Forum in Legislature and the Premier's Monitoring & Evaluation Committee. Participation in these committees ensures that planning is undertaken in line with National, Provincial & District Priorities and key strategic documents.

EMadlangeni Local Municipality has the following Intergovernmental Relations Structures in place:

Intergovernmental Relations Forum	Objective of the Function	Functionality
IDP Representative Forum	The purpose of the forum is to serve as a platform where the eMadlangeni Municipality meet with the sector departments, private organizations, business, NGO's and CBOs to discuss developmental issues that affect the municipality	Yes
Planning and Development	The purpose of the forum is to co-ordinate planning. EMadlangeni Municipality does not have its own forum but seats at the district as the Amajuba District Municipality has established the forum where the district family of municipality engage to ensure communication amongst the various planning and development within the district is undertaken in a holistic way.	Yes
IDP Technical Committee	<p>This Committee is situated at the district level and the local municipalities participate on it. The purpose of this forum is:</p> <ul style="list-style-type: none"> • Streamline planning process; • Combating socio-economic ills in a strategic and coordinated manner 	Yes

	<ul style="list-style-type: none"> • Put forward a plan of action that will enjoy political buy-in at levels • Unifying the channelling of both private and public sector investments 	
LED Forum	Local Economic Development is one of the key programmes that exist in eMadlangeni area. Therefore the purpose of the committee is to monitor and assess LED projects and also discuss LED issues	Yes
Disaster Management Advisory Forum	The purpose of the forum is to implement, monitor and co-ordinate all disaster management related issues within eMadlangeni area by ensuring improved and continued communication.	Yes

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.5 PUBLIC MEETINGS

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

2.6 IDP PARTICIPATION AND ALIGNMENT

EMadlangeni Local Municipality also ensured that public engagements are taken into account to align with relevant legislations, ward based planning is a priority in this Municipality to ensure inclusive governance. The IDP/Budget Roadshow was conducted in collaboration with the Amajuba District on the 10th of May 2022 at Bersig Sport field. Community members from all 6 wards within eMadlangeni were transported to the venue to attend the Imbizo. They got a chance to engage with the Principals and make inputs and recommendations concerning the IDP and Budget.

2.7 RISK MANAGEMENT

Risk Management forms a critical part of eMadlangeni municipality strategic management. It is the process whereby the eMadlangeni municipality both methodically and intuitively addresses the risks attached to the strategic objectives and activities of the municipality. The goal is to ensure the achievement of strategic objectives as well as the sustained benefit within each activity and across the portfolio of activities. Risk management is therefore recognised as an integral part of sound organisational management and is being promoted internationally and in South Africa as a good practice applicable to the public and private sector.

Objectives of Risk Management

The purpose of Risk Management at eMadlangeni municipality is to, among others provide the following:

- Advance the development and implantation of modern management practices and to support innovation through the eMadlangeni municipality.
- Contribute in building a risk smart workforce and environment that allows for innovation and responsible risk taking while ensuring legitimate precautions are taken to protect the public interest, maintain public trust, and ensure due diligence.
- Provide a comprehensive approach to better integrate risk management into strategic decision making.
- To provide guidance to Accounting Officer, Executives Authorities, Management and staff when overseeing or implementing the development of processes, systems and techniques for managing risk, which are appropriate to the content of the district.

The municipality has a risk management framework and policy in place. It also has established the risk management committee to oversee risk management process. The risks that were identified have been monitored on a monthly basis throughout the year. The risk committee also considered all the risks in the risk profile of the municipality and the action plans that have been put in place to ensure that those risks do not materialise.

The objectives of Risk Committee are:

Assist the Municipal Manager in discharging his or her accountability for risk management by reviewing the effectiveness of the municipality's risk management systems, practices and procedures, and providing recommendations for improvement.

Review the risk management policy and strategy, and recommend for approval by the Accounting Officer;

Review and assess the integrity of the risk control systems and ensure that the risk policies and strategies are effectively managed;

Set out the nature, role, responsibility and authority of the risk management / risk officer function within the institution and outline the scope of risk management work;

Monitor the management of significant risks to the municipality, including emerging and prospective impacts;

Review any legal matters, together with the legal advisor, that could have a significant impact on the institution;

Review management and internal audit reports detailing the adequacy and overall effectiveness of the Municipality's risk management function as well as its implementation by management, reports on internal control and any recommendations, and confirm that appropriate action has been taken.

2.8 ANTI- CORRUPTION AND FRAUD

In terms of Section 83 (c) of the Municipal Systems Act (MSA) Act 32 of 2000, if a municipality decides to provide a municipal service through service delivery agreement with a person referred to in section 80 (1) (b), it must select the service provider through selection processes which minimize the possibility of fraud and corruption.

EMadlangeni Local Municipality has the following strategies in place to prevent corruption, fraud and theft:

• **Risk Management Policy.**

Municipality's performance with regards to Risk Management, Fraud Prevention and Corruption.

The Anti-Corruption Strategy and Fraud Prevention Plan have been developed as a result of the expressed commitment of Government to fight corruption. It complements the National Anti-Corruption Strategy of the country and supplements both the Public Service Anti-Corruption Strategy and the Local Government Anti-Corruption Strategy.

The Policy is also established to give effect to the various legislative instruments relating to fraud and corruption. In addition, the Policy provides guidelines as to how to respond should instances of fraud and corruption be identified.

Fraud and corruption manifests itself in a number of ways and varying degrees of intensity. These include, but are not limited to:

- unauthorised private use of municipal assets, including vehicles;
- falsifying travel and subsistence claims;
- conspiring unfairly with others to obtain a tender;
- disclosing proprietary information relating to a tender to outside parties;
- accepting inappropriate gifts from suppliers;
- employing family members or close friends;
- operating a private business during working hours;
- stealing equipment or supplies from work;
- accepting bribes or favours to process requests;
- accepting bribes or favours for turning a blind eye to a service provider who does not provide an appropriate service;
- submitting or processing false invoices from contractors or other service providers;
- misappropriating fees received from customers, and avoiding detection by not issuing receipts to those customers;
- misappropriation of Municipal funds;
- falsifying accounting records or documents

- falsifying consumer debtors accounts or amending such accounts without authority;

Fraud represents a significant potential risk to the Municipality's assets and reputation. The Municipality is committed to protecting its funds and other assets. It is the policy of the Municipality that fraud, corruption, maladministration or any other dishonest activities of a similar nature is not to be tolerated. Such activities will be investigated, where required, and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative actions and the institution of recoveries where applicable. This Policy includes prevention, detection, response and investigative strategies.

During the period under review the former Municipal Manager was suspended and subsequently placed under partial dismissal pending the investigation on issues relating to mismanagement of the Municipality's finances. The Municipality commissioned an investigation which vindicated the Municipality on charges that were levelled against the former Municipal Manager and flowing from the investigation report, the Municipality then laid charges. The case is still pending.

2.9 SUPPLY CHAIN MANAGEMENT

Council approved Supply Chain Management Policy in 2021/22 financial year which needs to be reviewed annually. This Policy assists the Municipality in ensuring compliance with five pillars of procurement, which, in turn, helps to mitigate the increasing pressure to deliver and demonstrate success in service delivery.

2.10 BY-LAWS

The following is the list of Policies and By-laws which are kept by the Municipality:

TABLE: STATUS OF MUNICIPAL POLICIES AND BY-LAWS

POLICIES	STATUS
Recruitment, Selection and Placement Policy	Adopted and implemented
Delegation Framework	Under Review
Skills Development Policy	Adopted and implemented
Acting Policy	Adopted and implemented
Leave Policy	Adopted and implemented
Overtime Policy	Adopted and implemented
Payroll Policy	Adopted and implemented
Car Allowance policy	Adopted and implemented
S & T Policy	Adopted and implemented
Performance Management and Development System	Adopted and implemented
Delegation Policy	Under Review
Budget Policy	Adopted and implemented
Council Vehicle Policy	Adopted and implemented
Virement Policy	Adopted and implemented
Supply Chain Management Framework	Adopted and implemented
Remuneration Policy	Adopted and implemented

POLICIES	STATUS
Indigent Policy	Under Review
Re-imbusement Policy	Adopted and implemented
Travel and Subsistence	Adopted and implemented
Communication Strategy	Adopted
Communication policy	
Property Rates Policy	Adopted and implemented
Building works, Building Plans, completion: Policies and Procedures	Adopted and implemented
Ward Committee Establishment Policy	Adopted and implemented
HIV/AIDS and Chronic Illness Policy	Adopted
Language Policy	Adopted
Contract Management Policy Framework Procedural Manual Contract Management Policy	Adopted

MUNICIPAL BY-LAWS	STATUS
Outdoor Advertising Municipal By-Laws	Adopted and gazetted
Keeping of Animals and Birds Municipal By-Laws	Adopted and gazetted
Keeping of Dogs Municipal By-Laws	Adopted and gazetted
Cemeteries, Cremation and Undertakers Municipal By-Laws	Adopted and gazetted

MUNICIPAL BY-LAWS	STATUS
Credit Control Municipal By-Laws	Adopted and gazetted
Electricity Supply Municipal By-Laws	Adopted and gazetted
Tariff Policy for Indigent Persons Municipal By-Laws	Adopted and gazetted
Municipal Public Transport Municipal By-Laws	Adopted and gazetted
Property Encroachment Municipal By-Laws	Adopted and gazetted
Environment Municipal By-Laws	Adopted and gazetted
Fire Prevention Municipal By-Laws	Adopted and gazetted
Parking Areas Municipal By-Laws	Adopted and gazetted
Pollution Control Municipal By-Laws	Adopted and gazetted
Pound Municipal By-Laws	Adopted and gazetted
Public Amenities Municipal By-Laws	Adopted and gazetted
Public Roads Municipal By-Laws	Adopted and gazetted
Rules and Orders of Municipal Councils and Committees By-Laws	Adopted and gazetted
Storm Water Management Municipal By-Laws	Adopted and gazetted
Street trading Municipal By-Laws	Adopted and gazetted
Dumping and Littering Municipal By-Laws	Adopted and gazetted
Abattoir Municipal By-Laws	Adopted and gazetted
By-Laws Relating to the Control over Buildings	Adopted and gazetted

2.11 WEBSITE

The importance of the Website is outlined in MFMA regarding documents which should be published on the Website. It is monitored by National Treasury as part of compliance. Municipal Website is updated regularly to ensure that all information required by the Municipal Finance Management Act and other legislation are promptly and appropriately displayed on the Website.

EMadlangeni Website is one of a variety of communication tools available in the Municipality. Municipal website fulfils one or more of the following functions:

2.11.1 Publishing tool. Following are the compliance documents that were published in 2022/2023 Financial Year:

- Performance Contracts
- Annual Budget
- Adjusted Budget
- Service Delivery and Budget Implementation Plan
- IDP Reviewed Document
- SDF Reviewed Document
- Annual Report
- Budget related policies
- Vacancies and Careers
- Adverts (Tenders)
- Supplier database registration
- Annual Financial Statements
- Annual Performance Report
- Intention to award
- Rates and Tariffs
- By-Laws and Policies
- Council resolutions
- MFMA Section 52 (d) Reports
- Newsroom

2.11.2 **Marketing tool.** Providing Tourism related issues with the aim of attracting tourist on visiting The Balele Game Park and The Caravan Park.

2.11.3. **Transactional tool.** It allows the community to exchange all the information necessary to support a transaction of any kind e.g. Rates, Tariffs, supplier database registration etc.

Municipal website is updated on on-going basis by IT Unit.

2.12 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The Municipality did not conduct public satisfaction on municipal services in 2022/2023, however, the municipality is currently in the process of assembling a team that will verify public satisfaction in order to guarantee that this exercise is carried out and that the municipality is aware of the needs of the communities.

2.13 ALL MUNICIPAL OVERSIGHT COMMUNITTEES

The Municipality have Oversight Committees that are fully established and they are fully functional because Oversight Committee meetings are convened as per their adopted calendar on the quarterly basis. All Committees report to Municipal Council as the mother body structures that exist in the Municipality. The Committees are broadly discussed as follows:

The Performance Audit Committee has been well functioning and has been sitting in each quarter as per its Terms of Reference. In Quarter 3 this indicator was not achieved because the items for consideration by Audit Committee were not ready as they were awaiting for AG to complete auditing however, the Audit Committee has been playing its advisory role both to the Management and Council.

The oversight role of Council is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between Council, the Executive Committee and Administration. In the case of eMadlangeni Municipality the

Executive Committee was established after August 2016 elections as the Municipal Council moved from Plenary to Collective Council which allows the Municipality to establish an Executive Committee. Good governance, effective accountability, and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

The Municipal Finance Management Act, No.56 of 2003 (MFMA) vests in Council specific powers of approval and oversight:

- Approval of budgets;
- Approval of Budget related policies;
- Review of the Annual Report and adoption of the Oversight Report;
- Invite, receive, and consider inputs from Councillors and Portfolio Committees, on the Annual Report;
- Consider written comments received on the Annual Report from the public consultation process;
- Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report;
- Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report and
- Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

EMadlangeni Local Municipality 2022/23 Annual Performance Report

PERFORMANCE MANAGEMENT PROCESS

The Municipality has an adopted Performance Management Framework in place which sets out the process that must be followed by the organization in the formulation of performance criteria that the Municipality should use in the establishment of performance management.

3.1 THE MUNICIPALITY REPORTS AS FOLLOWS:

- Management Committee (MANCO) meetings were not held on monthly basis as it is stipulated law. All items to be submitted to Council structures are also tabled to MANCO for further comments and recommendations before they are forwarded to respective Portfolio Committees, EXCO and Council.
- Quarterly Departmental PMS reports are submitted to the Internal Auditors for review
- Audited report goes to the Audit Committee; please note that eMadlangeni Municipality have the fully functional Performance Audit Committee which oversees all the municipal performance.
- The municipality then compile the Annual Performance Report based on the performance plans, scorecard as well SDBIP that were submitted throughout the financial year. The Annual Performance Report is then submitted to the Internal

Audit and Performance Audit Committee before it is submitted to the relevant stakeholders.

3.2 PERFORMANCE AND SUPPORTING INFORMATION

The municipal scorecard which forms part of this report unpacks the 5 Key Performance Area's and the municipal targets as well as achievements of the municipality. This report also reflects 2021/22 scorecard which will ensure that the comparison between the year in report and the previous year. EMadlangeni Integrated Development Plan contains priorities and these priorities are cascaded to performance management and are measured by the progress made with the timeframes allocated. The priorities are adopted by Council in the process of adopting the IDP, SDBIP as well as Scorecard. These priorities are measured through quarterly reports and tabled to Municipal Council.

3.2.1 PERFORMANCE AUDIT COMMITTEE

The Performance Audit Committee has been established since 2003 in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 and membership changed over time. The eMadlangeni Local Municipal Council appointed new external Audit Committee members to serve in the Performance Audit Committee (PAC) of the Municipality on 01 August 2022. The appointments will be effective for a period of three years with effect from 01 August 2022 to 31 July 2025.

The membership of the Committee is as follows:

- Mr. B. Dlamini - Audit Committee Chairperson
- Adv. J Mhlongo - Audit Committee Member
- Ms. TD Ndlovu - Audit Committee Member
- Mr. VK Kubheka – Audit Committee Member

The Performance Audit Committee meets on quarterly basis during each financial year to ensure compliance with relevant legislation, procedures and to consider the quarterly performance achievements reported in the Operational Performance Management System (OPMS) Scorecard/Top Layer SDBIP as well as the performance achievements reported in terms of the Departmental Service Delivery Budget Implementation Plan.

The Performance Audit Committee convened on the following dates throughout the 2022/23 financial year:

- 22 August 2022
- 30 August 2022
- 01 December 2022
- 20 February 2022

The Draft Annual Performance Report for the 2021/22 financial year was submitted to the Internal Audit Unit on 18 August 2023 and subsequently submitted to Performance Audit Committee on 19 August 2023. The Performance Audit Committee convened on 22 August 2023 to process the APR prior to Council meeting held on 31 August 2023 to note and consider the annual performance achievements reported in the OPMS Scorecard/Top Layer SDBIP for the completed 2022/2023 financial year. The Quarterly PMS reports for the 2022/2023 financial year were prepared and submitted to the Internal Audit for review. IA reports were discussed with PMS Unit before tabling the reports to the Performance Audit Committee for consideration.

3.2.2 EVALUATION PANEL PERFORMANCE

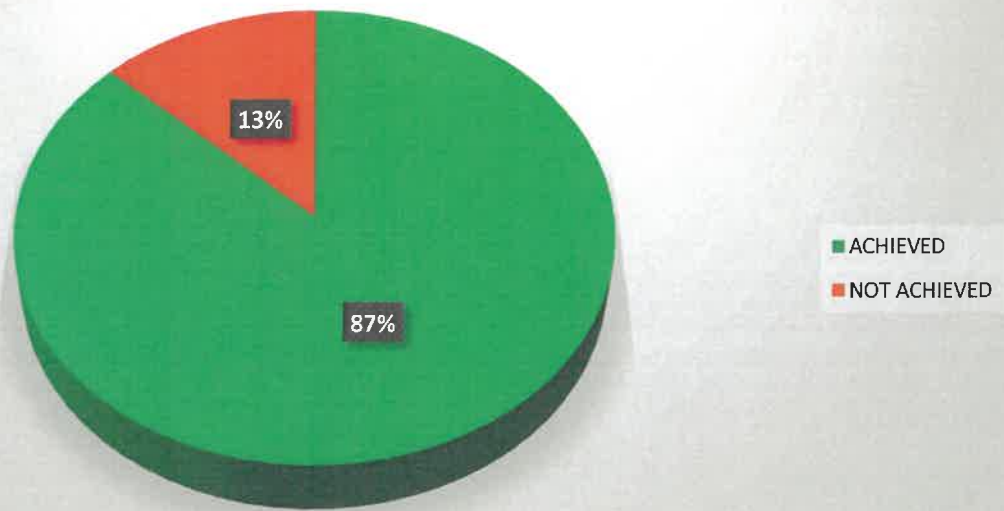
The process of establishing the performance evaluation panel is complete. The item requesting the appointment of the panel was tabled and approved by council. The municipality is awaiting for the evaluation panel members appointed to sign the appointment letters.

3.3 KEY PERFORMANCE MEASURES

This report includes highlights from the key performance measures included in the 2022/2023 IDP, which constitute the Municipal Scorecard for the 2022/2023 financial year

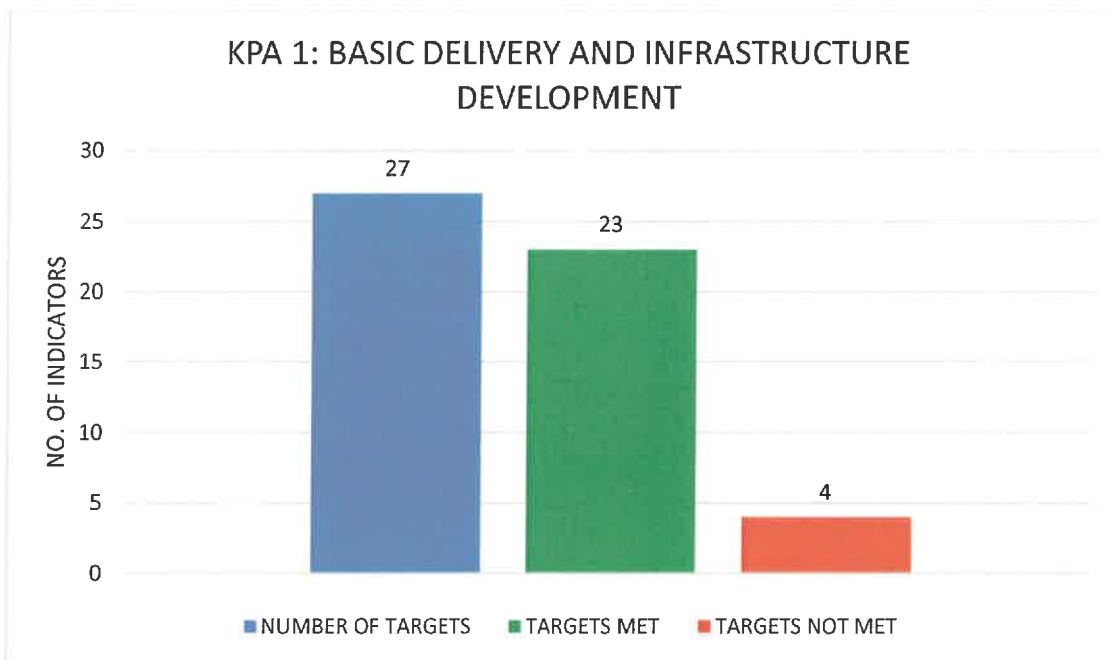
KEY PERFORMANCE AREAS	TOTAL NO. OF ANNUAL TARGETS	TOTAL NO. OF TARGETS ACHIEVED	TOTAL NO. OF TARGETS NOT ACHIEVED	PERCENTAGE OF TARGETS ACHIEVED
BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT	27	23	4	85%
MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	9	7	2	78%
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT	17	16	1	94%
GOOD GOVERNANCE & PUBLIC PARTICIPATION	29	25	4	86%
LOCAL ECONOMIC & SOCIAL DEVELOPMENT	5	5	0	100%
OVERALL 2022-23 ANNUAL PERFORMANCE	87	76	15	87%

OVERALL PERFORMANCE FOR THE 2022/23 FINANCIAL YEAR



3.3.1 KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

The overall performance of KPA 1 was achieved at 85%.



In terms of the Spatial Planning and Land Use Management Act the municipality has newly appointed members for the Single Municipal Planning Tribunal.

The Department received 10 Development Applications which is a stable amount for an area like eMadlangeni. The unit continues to issue contravention notices to ensure compliance with the scheme. The unit has encouraged shortened land use applications in areas like Berouw and New Look and has seen a slight improvement in the submission of these applications.

The Unit received 25 building plans which is the biggest number received to date, however the unit needs to capacitate residents on the building stages inspection as a number of approved building plans end up with no compliance certificates. The unit continues to issue contravention notices. The unit continues to work in conjunction with the legal unit to assist Building Control and Planning with legal proceedings and compliance.

CHALLENGES:

- Enforcing building penalties, summons on illegal buildings and issuing of contravention notices remains a major concern.
- The municipality needs to train and appoint peace officers to assist with the issuing of contravention notices

KEY HIGHLIGHTS

The Department of Human Settlements has appointed BDSCM Holdings Pty Ltd for the Khayaletu Extension project which remains in the planning stage as consultants are busy with investigations of the feasibility of the extension.

The municipality was granted funding to the value of R150 000 from the Department of Human Settlement to conduct the formalisation of the 60 units in Khayaletu for security of tenure. NEAK (Pty)(Ltd) was appointed for the formalisation and a total of 75 erven were created, this process involved subdivision, street naming, and will ultimately result in providing security of tenure for the community of Khayaletu. Stowell and Co has been appointed as the conveyancer for the registration of the 60 units. 57 residents of the 60 units have signed off deed of alienation and will soon receive their title deeds.

PORTION 7 OF 2 OF THE FARM NO 53 WELTEVREDEN (BALGRAY).

Portion 7 of 2 of the Farm No 53 Weltevreden (Balgray) is now registered under the municipality.

The Provincial Department of Human Settlements has appointed Delton Projects (PTY) LTD to undertake stage 1 activities listed below for the Balgray Housing Project consisting of 300 units:

- Land assessment
- Bulk services investigation and obtaining service level agreement with district municipality
- Geotechnical investigation
- Environmental Assessment
- Town Planning
- Social Facilitation

- Soci-economic issues
- Floodline determination
- Civil engineering
- The provision of informal Settlement Upgrade Plan

The project is underway and will assist the municipality in formalising Portion 7 of 2 of the Farm No 53 Weltevreden (Balgray). The Municipality needs to put up infrastructure services plans for this property as there is no electricity.

ERF 739

Erf 739 is owned by the municipality; The Provincial Department of Human Settlements has appointed Stedone Developments (PTY) LTD to undertake stage 1 activities listed above for the purpose of creating 300 vacant serviced sites. This project is a major highlight for the department as the sites will cater for middle to high income earners.

SPATIAL DEVELOPMENT FRAMEWORK (SDF)

The unit reviewed the Spatial Development Framework in house, the review focused on ensuring compliance with the Spatial Planning and Land Use Management Act and included a written and spatial representation of a five-year spatial development plan for the spatial form of the municipality. A population growth estimates for the next five years amongst other matters. The unit was assisted by GIS Amajuba District Municipality in mapping required information. We look forward to the MEC comments as major alignment to the Spatial Planning and Land Use Management Act was complied with.

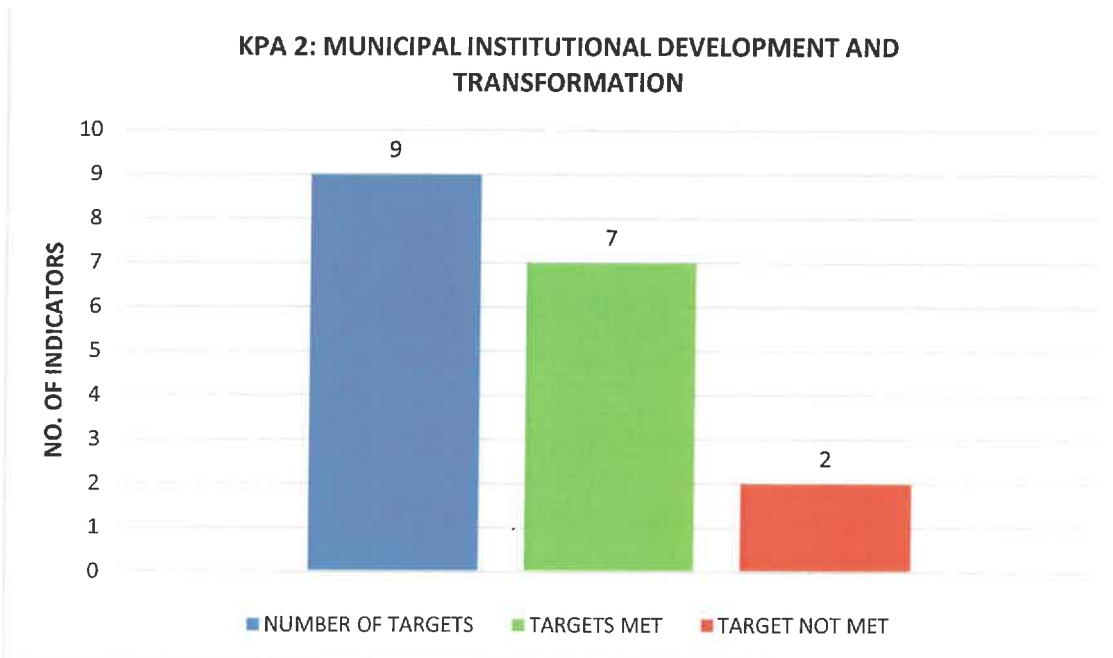
The SDF lacks efficient environmental management, there is no alignment with the District Municipality Environmental Management Framework and has little to no interventions related to the environmental climate change issues which is a great concern as the municipal area is environmentally sensitive. It should be noted with concern that the municipality should consider appointing an environmental officer to ensure that environmental concerns and challenges are taken into consideration and addressed.

CHALLENGES

- Quantification of engineering services for both 5 years and 20 year period should be undertaken
- Appointment of environmental officer

3.3.2 KPA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

The overall performance of KPA 2 was achieved at 78%.



The postponement of Local Labour Forum had adversely affected the performance. The establishment of Municipal Training Committee will aid the monitoring the trainings and provide portfolio of evidence.

The municipality had compiled the Work Skills Plan and submitted the Annual Employment Equity Report.

The following policies were approved and adopted by Council in the 2022/2023 financial year:

- Recruitment and Selection policy

- Payroll policy
- Car Allowance policy
- Skills Development Policy
- Leave policy
- Overtime policy
- S & T policy
- Telephone policy
- Records Management policy

The municipality has developed the Performance Management and Development System (PMDS) Policy for adoption by Council. The Policy aligns with the Municipal Staff Regulations and it compels all employees' performance be assessed on annual basis.

The municipality received the Local Government Sector Education Training Authority (LGSETA) Mandatory Grant of R81 270 for the financial year 2022/2023 to cover trainings. However, the grant could not cover the Work Skills Plan training priorities therefore the municipality had to rely on FMG grant for finance related courses and the Municipal Skills Development funds for other trainings. The municipality has engaged other SETA's in order to address the skills gaps.

The municipality reviewed the Organogram and the Community Services department is now split across the OMM, CS as well as I&PD departments. The municipal council resolved that all vacant positions remain unfunded in order to maintain the 40% Equitable share budget threshold.

PERFORMANCE HIGHLIGHTS

- Majority of meetings and trainings were held on virtual platforms (Zoom or Microsoft Team)
- Forty-five appointments were made during the financial year
- There are nineteen (19) interns across various departments. Five (5) appointed through the Municipal Financial Management Internship Programme and fourteen (14) seconded by CoGTA.
- All Councillors attended the Standing Rules and other policy workshops.

- The attrition rate had improved (4 contract expired, 3 retirements, 3 resignations)

CHALLENGES

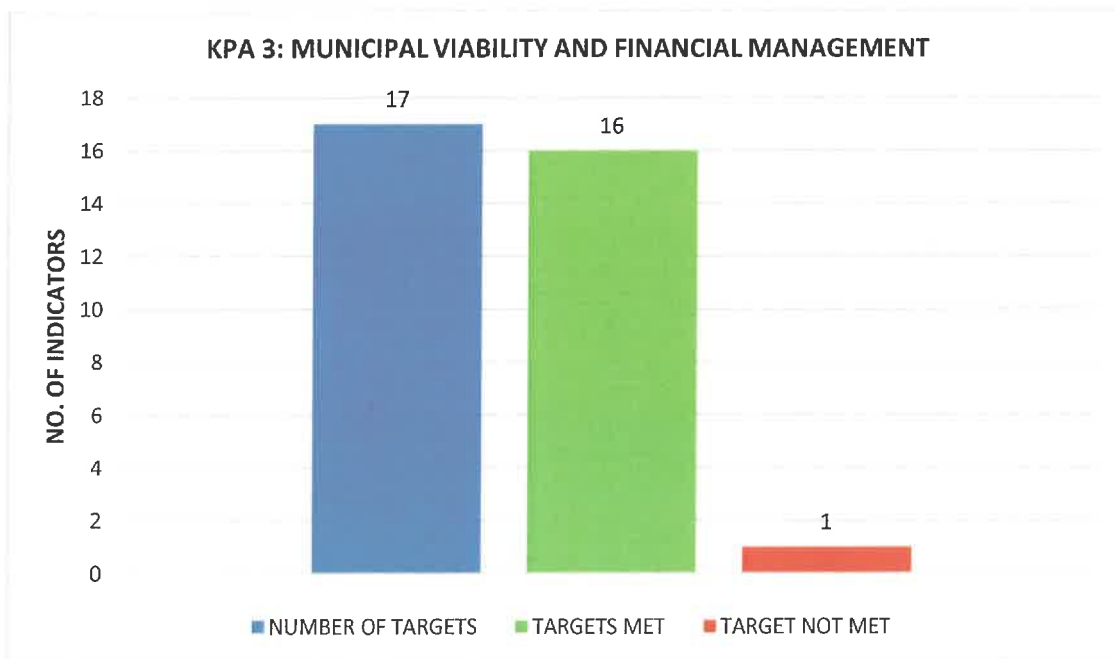
- Budgetary constrains resulted in limited trainings
- Escalation of litigation costs on Senior Managers disciplinary hearings.
- Some critical positions are unfunded on the organogram

MEASURES TAKEN TO IMPROVE PERFORMANCE

- Source the external funds for trainings from different SETA's.
- Critical positions to be filled as and when funds permit on the incremental basis.

3.3.3 KPA 3: MUNICIPAL VIABILITY AND FINANCIAL MANAGEMENT

The overall performance of KPA 3 was achieved at 94%.



PERFORMANCE HIGHLIGHTS FOR 2022/23

- The municipality has obtained a qualified opinion in the previous financial year 2021/22.
- The qualifying matters have decrease from seven to two in the past financial year.

- The municipality has continued assisting with social packages to poor households or households facing other circumstances that limit their ability to pay for services, the cost of the social package of registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

CHALLENGES

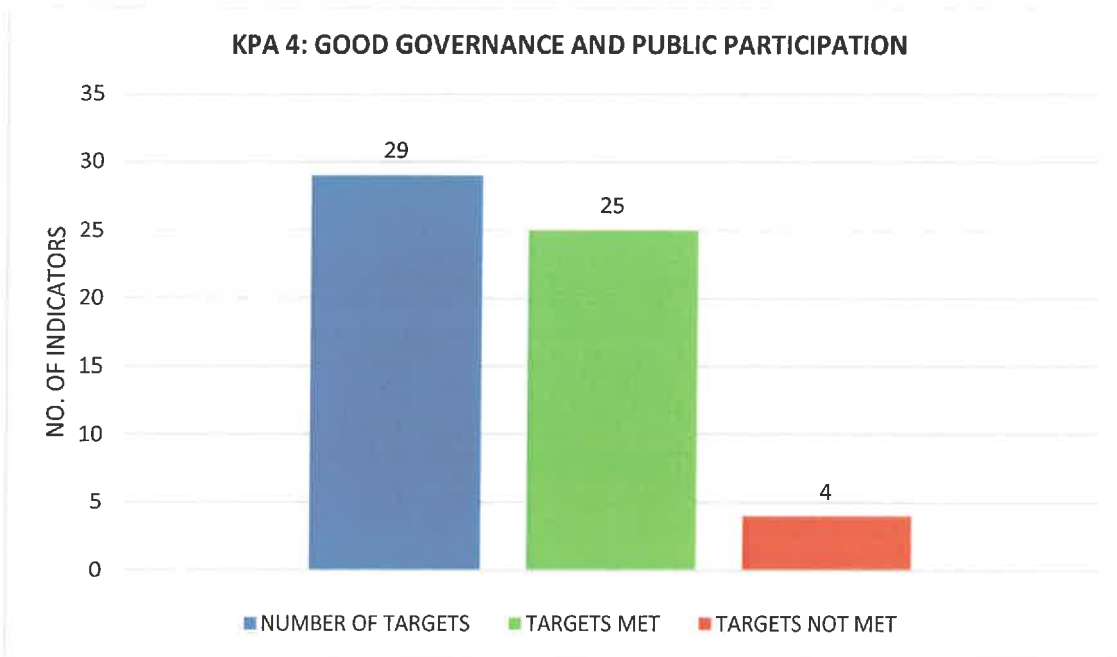
- The electricity distribution losses are above the benchmark of 3%-7%.
- The municipality is facing an increasing debtors' book as at the end of 2022/2023 financial year.
- The municipality was not able to collect revenue as anticipated, thus affecting the timely payment of suppliers which ultimately lead to municipality incurring fruitless and wasteful expenditure.
- Budget and Treasury Office has experienced a high rate of staff turnover.
- The unexpected increase in staff compliment of other departments has resulted to pressure municipal finances.

MEASURES TAKEN TO IMPROVE PERFORMANCE

- To improve and enhance performance, the Budget and Treasury office holds departmental meetings on a monthly basis. The departmental scorecard is a standing item on the agenda to ensure that department delivers on all its set targets. Each unit within the department is required on report on the allocated Key Performance Indicators during these meetings.
- Management assigned two senior Officials with prior experience to assist with the implementation of revenue collection strategies.
- The mechanism ensures units that are underperforming are detected and corrective measures are taken timely.

3.3.4 KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATIONS-PUTTING PEOPLE FIRST

The overall performance of KPA 4 was achieved at 86%.



PERFORMANCE HIGHLIGHTS

The information below aims at providing insight of the functions that the Public Participation Unit undertakes on annual basis. These include activities such as Ward Committee meetings, assessments and trainings to ensure that the wards remain functional, engagements with different stakeholders and sectors IDP/BUDGET Roadshows (Izimbizo) and engagements that ensures interaction with the Municipality.

FUNCTIONS OF WARD COMMITTEE MEMBERS

The following functions and powers have been assigned to Ward Committee Members, as contained in Section 16 and Section 59 of the Municipal Systems Act, No. 32 of 2000: Encourage and create conditions for communities to participate in:

- a) The preparation, implementation and review of the IDP;

- b) Establishment, implementation and review of Councils Performance Management System;
- c) The monitoring and review of Councils performance, including the outcomes and impact of such performance and
- d) The preparation of Councils budget
- e) Participation in the above functions means that the Ward Committee members will discharge its responsibilities by way of involvement in making inputs in the form of recommendations to Council.
- f) Additional delegated functions and powers:
 - g) Assist the ward councilor in identifying challenges and needs of residents;
 - h) Create formal unbiased communication channels and co-operative partnership between the Municipality and the community within the ward;
 - i) Ensure contact between the municipality and community through use of and payment of Services;
 - j) Create harmonious relationships between residents of a ward, the ward councilor, geographic community and the municipality;
 - k) Act as advisory body on Council policies and matters affecting communities in the ward;
 - l) Serve as officially recognized and specialized participatory structures in the municipality;
 - m) May receive and record complaints from the community within the ward and provide feedback on Councils response;
 - n) May make recommendations on any matter affecting the ward to the Ward Councilor or the Council, the EXCO and the Mayor;
 - o) May act as a resource, through which Council and its departments, Provincial and National Departments must consult with and canvass community opinions on any matter they deem necessary;
 - p) Ward Committees may also be used as resources, by non-governmental organizations and non-political organizations to consult with Ward Committees, only if they do not and will not make Council liable for any expenditure to be incurred;

- q) Ward Committees shall, within their scope of work, invite Council officials and other people with specialized knowledge to advise them on matters affecting their ward, when they deem it necessary;
- r) Ward Committees may, subject to available capacity and resources, conduct an annual satisfaction survey in order to assist the committee in the execution of its function and powers. The satisfaction survey should be administered in the ward by the Ward Committee members under the supervision of the Ward Councilor and with the administrative support of the municipality.

WARD COMMITTEE ASSESSMENT

The Ward Committee functionality verification results were reported at 100% for the 2022/2023 financial year. The Ward Committee functionality assessment criteria is as follows:

- Annual Target of 72 meetings was achieved
- Annual Target of 4 Meetings was achieved
- Annual Target of 720 Reports Submitted - 700
- Annual Target of 4 meetings was achieved

FUNCTIONALITY RESULTS OF EACH WARD PER QUARTER IN 2022/2023 FINANCIAL YEAR

WARD	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER	CHALLENGES
1	Functional	Functional	Functional	Functional	-There were no challenges encountered for the reporting period
2	Functional	Functional	Functional	Functional	
3	Functional	Functional	Functional	Functional	
4	Functional	Functional	Functional	Functional	

5	Functional	Functional	Functional	Functional	
6	Functional	Functional	Functional	Functional	

MEASURES TAKEN TO IMPROVE PERFORMANCE

- a) The Public Participation Practitioner is dedicated and ensures that all the ward committee functionality assessment elements are met
- b) Ward committee members signed the code of conduct guiding them to serve their communities in an ethical manner
- c) The Public Participation Practitioner ensures that ward committee members attend the quarterly ward committee meetings for debriefing, so that they will be able to serve their communities better.
- d) Ward committee schedules for meetings, war room meetings and public meetings are made available to all ward committee members and ward councilors.
- e) Ward Based Plans and Ward Committee Operational Plans were compiled and adopted by Council
- f) Ward Committees were inducted on Code of Conduct, Roles and Responsibilities and ward committee functionality assessment process
- g) Ward Committee Members attend workshops, trainings and sector meetings conducted by various stakeholders in order to deepen their knowledge on public participation programs and to also improve their report writing skills.

IDP/BUDGET ROAD SHOWS PERFORMANCE HIGHLIGHTS

The IDP/Budget Roadshow took place on 02 May 2023 at Nhlazadolo Sport field. Community members from all 6 wards within eMadlangeni were transported to the venue to attend the Imbizo. They got a chance to engage with the Principals and offered an opportunity to present inputs and recommendations concerning the IDP and Budget.

WARD COMMITTEE TRAININGS

There were no accredited trainings conducted for the year.

PUBLIC PARTICIPATION STAKEHOLDERS ENGAGEMENT

1. - a) Office of the Premier conducted a Girls' Empowerment program for all the young girls within eMadlangeni area. The empowerment program took place over 3 days (29 June 2023 – 30 June 2023) with the aim of preventing teenage pregnancy and empowering young women to make informed choices in their career and everyday lives. The workshop was held at the Utrecht Town Hall.
2. Public Participation Officer attended a virtual Provincial Rapid Response Meeting on the 09th of June 2022.
3. Public Participation Officer attended a Municipal Disaster Management Advisory Forum on the 14th of June 2022.
4. Community feedback meeting was coordinated and attended by PPO on the 22nd of June 2023 at Vaalbank. DOT was invited to the meeting to clarify the issue of accessing quarry for the road maintenance.
5. Water and Sanitation Forum, comprising of 2 ward committee members from each ward, had a workshop on the 22nd of June 2023 at the Community Services Boardroom. The workshop was facilitated by Provincial Water and Sanitation Department.
6. Municipal Rapid Response Team had a workshop facilitated by COGTA on the 23rd of June 2023 at the Council Chamber.
7. Public Participation Officer attended Graduates Engagement with His Worship on the 28th of June 2022 at the Museum.
8. Public Participation Officer attended Socio Next plenary meeting for workshop to be held end of July 2022.

9. Public Participation attended MSCOA Workshop facilitated by Provincial Treasury on the 25th of July 2022 at MANCO Boardroom, and on the 2nd of August 2022, attended the Bid Committee Workshop.
10. Amajuba District – Playing venues Commission held its first meeting on the 12th of August 2022, to plan for the SALGA Games taking place in December 2022
11. The Office of the Mayor had an outreach program which commenced on the 25th of August till the 4th of September 2022, in ward 2 and ward 5 (Bensdorp). The Office of the Mayor presented an action plan with challenges that the Town/ rate payers is facing and interventions by LM, as well as time frames that the LM has set in order to meet the desired outcomes.
12. Community Engagement Meetings commenced on the 15th of September 2022 and concluded on the 30th of September 2022. The meetings were conducted in all VDs within the 6 wards of the LM and chaired by the ward councilors.
13. The HOD Champion for OSS, conducted Revitalization workshop for the LM on the 16th of September 2022 at the Council Chamber. The workshop was attended by the councilors and LTT members.
14. Public Participation Officer attended the Provincial Public Participation Steering Committee (virtual) on the 15th of September 2022.
15. Deputy Minister Champion Amajuba District Development Outreach took place from the 16th to the 25th of October 2022. The Deputy Minister for Social Development visited eMadlangeni on the 18th of October 2022 at Ndlamlenze, where she had an engagement with rural women, to identify their needs and DSD interventions.
16. On the 19th of October 2022, the Deputy Minister visited the Utrecht old bakery, which she hoped would be converted into a community skills center for the Elicon Sewing Co-operative
17. The Charlestown SAPS together with the Dept. of Community Safety and Liaison, conducted a Stock Theft and Crime Awareness Campaign at Reserve Farm.
18. On the 20th of October 2022, the LM Public Participation and BTO Unit, conducted a meeting on the Evaluation Roll process. The meeting was held at the Utrecht Town Hall for ward 2 and ward 5 residence.

19. Public Participation Officer attended MRRT and ICMS Provincial Coordinating Forum at Amajuba District.
20. There was a joint Traditional Council Meeting on the 09th of November 2022 for Amantungwa and Thekwane Traditional Administration Centers
21. The Dept. of Employment and Labour had a Taking the Services to the people campaign on the 10th of November 2022 at Utrecht Town Hall
22. Public Participation Officer attended the Provincial Ward Committee Launch on the 11th of November 2022 at Newcastle Famers Hall.
23. Municipal Rapid Response Team had a meeting on the 24th of November 2022, chaired by the Acting Speaker, Cllr. PX. Qwabe.
24. The District Amajuba hosted the SALGA Games form the 8th till the 11th of December 2022. Indigenous games, Chess and Umlabalaba were played at eMadlangeni LM. Utrecht High Sport field and Utrecht Town Hall were identified as the playing venues.
25. The Honorable MEC for Sports, Arts and Culture, officially handed over the KwaNkosi Khumalo Modular Library on the 13th of December 2022.
26. Water and Sanitation Provincial Forum had a workshop at Vulintaba Resort on the 14th of December 2022, 06 ward committee members attended the workshop
27. The KZN Legislature had a Civic Education Workshop on the 19th of April 2023 at the Utrecht Town for. All 6 wards were presented, 2 taxis per ward were allocated to transport the community members to the venue;
28. Public Participation Officer coordinated and attended the 2023/2024 IDP and Budget Roadshow on the 2nd of May 2023. The Roadshow was held at Nhlazadolo Sport field;
29. Public Participation attended the 2023/2024 Amajuba District IDP and Budget Roadshow on the 17th of May 2023 at the Utrecht Town Hall;
30. Public Participation Officer attended the IDPRF on the 18th of May 2023 at the Utrecht Town Hall
31. Public Participation Officer attended the Amajuba DDM – Social, Security, Human Development Technical Cluster Meeting on the 09th of June 2023 (Virtual). Public Participation report for January to March 2023 was presented to the meeting.

MUNICIPAL RAPID RESPONSE TEAM (MRRT)

The MRRT is functional and is chaired by the Municipal Speaker. The meetings are convened quarterly (and or when the need arise) and are attended by the Managers from Sector departments as well as Ward Councillors. The complaints management database is available and is updated monthly. The database together with the monitoring tool and minutes of the meeting for that quarter is signed by the Municipal Manger and submitted to Cogta – Rapid Response Team for verification and capturing.

OPERATION SUKUMA SAKHE (OSS)

The war room meetings are convened in all 6 wards within the eMadlangeni Local Municipality. All war rooms are functional. The Local Task Team (LTT) visits the war rooms quarterly for support and further interventions. The Warroom Chairpersons report to the LTT on Tuesdays twice a month. The war room meetings are attended by: sector Departments, CCGs, CDWs, Ward Committee Members, CWP, Forum members i.e. Disability Forum, Senior Citizens Forum, Women's Forum, Men's Forum, Child Care Forum as well as Traditional Leaders and Faith Based Organizations. The war room meetings are championed by Ward Councilors. The LTT Executive was elected on the 10th of March 2022 in a meeting convened at the ELM, Council Chamber. The LTT is championed by His Worship, the Mayor of eMadlangeni LM.

COMMUNITY DIALOGUES

Open community dialogues on any issue of interest to the community should also be arranged. These are sessions to be held in halls, open parks or even schools to engage the community on any issue which may be of interest to the community. Though open, the sessions should not be allowed to transgress from the intention of getting the community to constructively engage on their development.

The sessions should as much as possible be used to encourage the community to discuss solutions to their problems rather than present only challenges and should be channelled to presenting what they can do rather than what it is that government/municipality should do for them. These sessions have been conducted in collaboration with the Dept. of Social Development and Special Programmes under the Operation Sukuma Sakhe umbrella.

CHALLENGES

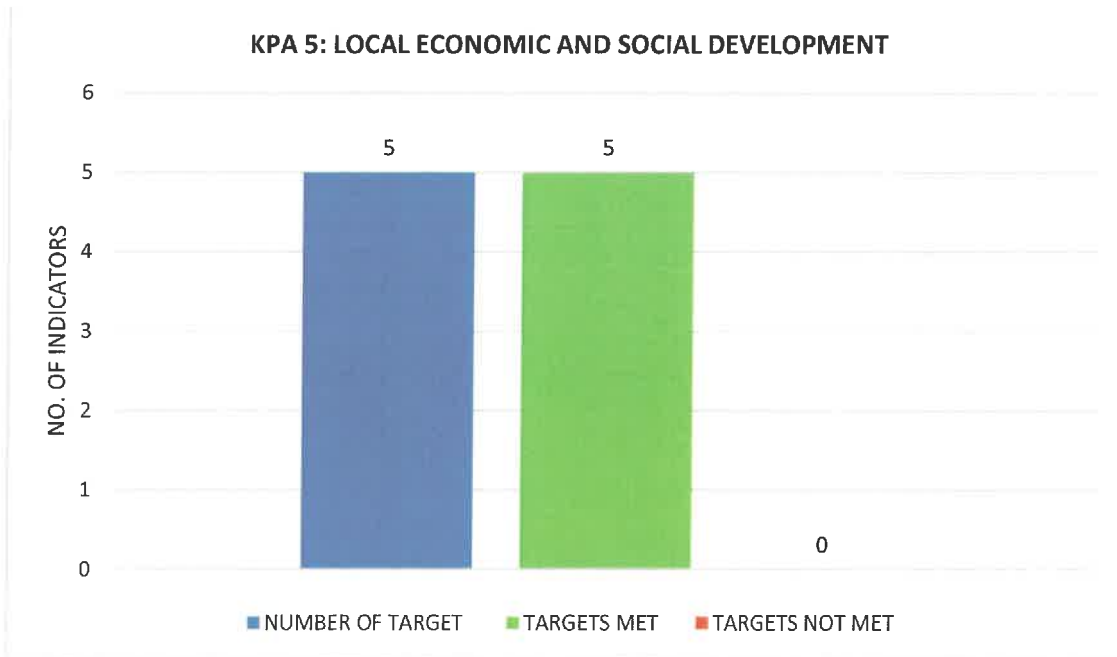
- Complaints Management System is not integrated within all Units in the Local municipality.
- Attendance for the Public Meetings in some areas within wards is poor as the areas are too scattered and some community members do not get the notices for the meetings and hence, they do not attend the meetings and are left uninformed on the activities and programmes happening in their areas. A loud hailer can bridge that gap and everyone can be able to attend the meetings and stay informed.
- Lack of resources for the Public Participation Unit i.e. car allowance, vehicle designated for the Unit to attend stakeholder and community engagements.

MEASURES TO IMPROVE PERFORMANCE

- An Integrated Complaints Management System
- Prompt feedback on community issues and complaints.
- Regular presentation on the progress of planned projects for the 2022/2023 financial period to ward committees on a quarterly basis
- Election of a Municipal Speaker to drive Public Participation Programs within LM.
- Bringing back Community Services Department to deal directly with community queries.

3.3.5 KPA 5: LOCAL ECONOMIC AND SOCIAL DEVELOPMENT

The overall performance of KPA 5 was achieved with 100%.



3.4 LOCAL ECONOMIC DEVELOPMENT PERFORMANCE HIGHLIGHTS FOR 2022/23

According to Business License Act 71 of 1991, eMadlangeni Local Municipality is required to issue business licenses to businesses trading in perishable items like food and drinks. The Local Economic Development Unit issued 40 Business Licenses and 120 Informal Trading Permits in the 2022/2023 financial year.

EMadlangeni Local Municipality LED Unit working with Small Enterprise Development Agency (SEDA), provided Flood Relief funds to 16 informal traders.

On 26 April 2023, eMadlangeni Local Municipality Council adopted a reviewed Local Economic Development Strategy, which is a guiding and planning document for Economic Development and provides the municipality with strategies on how to achieve Economic Development.

3.4.1 BALELE RENOVATIONS

The renovations of the eMadlangeni Local Municipality Balele Game Park are funded by the Department of Economic Development, Tourism and Environmental Affairs (EDTEA). An amount of R2 000 000 was transferred in August 2022 for phase one of the project, and a subsequent R4 500 000 was transferred in March 2022 for phase two of the project. The project will continue into the 2023/2024 financial year.

3.4.2 EVENTS

On 06 April 2023, eMadlangeni Municipality hosted a Bike Rally at Balele Game Park, Van Rooyen Street.

3.4.3 COMPLIANCE INSPECTIONS

The last formal compliance inspection took place in September 2021. The Municipality is assisted by the Amajuba District Municipality for all inspections as it currently has no Environmental Health Practitioners employed in-house.

3.4.4 EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

In March 2023, eMadlangeni Municipality received EPWP from Department of Fisheries and Forestry with total number of 121 participants.

3.4.5 SMMEs AND CO-OPS CAPACITY BUILDING

- On 8 February 2023, the LED Unit working with SEDA, EDTEA, KZN Treasury, ITHALA, and other stakeholders held a successful SMMEs Empowerment Workshop
- From 15 May 2023 till 02 June 2023, LED Unit working with Amajuba District held a 22 days' free skills training programmes on Hand Sewing, Plant Production and Raw Hides and Skin Management.

3.4.6 CHALLENGES

- Difficulty in implementing projects and programmes that were proposed in the Unit Implementation Plan due to shortage of funding.
- Inability to reach all 6 Municipal Wards to supply registers and monitor EPWPs due to shortage of transport
- Lack of Tools of Trade
- EMadlangeni Local Municipality does not have an in-house Environmental Health Practitioner, thus making it difficult to conduct regular formal compliance inspections.
- The Municipality's financial constraints present challenges in the successful execution of LED programmes.

3.4.7 MEASURES TAKEN TO IMPROVE PERFORMANCE

- Formal applications and requests have been sent to various stakeholders including KZN COGTA, KZN EDTEA, SEDA for funding to ensure that LED programs are implemented
- EMadlangeni Local Municipality EPWP Policy is being developed to address the issue of recruitment

3.5 SOCIAL SERVICES

The Social Services Unit coordinated social development programmes during the 2022/2023 financial year aimed at the development of the vulnerable groups in the community. Social Development Programmes were executed in order to ensure that social upliftment and developmental objectives are accomplished as mandated by **The Municipal Systems Act No. 32 of 2000**.

Programmes Undertaken during the 2022/2023 financial year are as follows:

No.	Priority Group	Date	Details	Venue
1.	Men	29 July 2022	Isibaya Samadoda – Men’s Dialogues	Balele Game Park
2.	Women	05 August 2022	Women’s Parliament	Amajuba Council Chamber
3.	Women	26 August 2022	Women’s Business Summit	Utrecht Museum
4.	Youth	16 – 18 September 2022	Umkhosi Womhlanga	Enyokeni Royal Palace
5.	Youth	01 October 2022	Amajuba Games	Arbor Park
6.	Women	24 October 2022	Women’s Economic Empowerment Programme	Richview Hall
7.	People with Disabilities	01 to 03 December 2022	Disability Parliament	Bergville Sports Complex
8.	Youth	08 to 11 December 2022	KZN-DSAC-Salga Games	Amajuba District

9.	Youth	13 December 2022	Substance Abuse Awareness Campaign through Street Soccer	White City
10.	Youth	25 January 2023	NSFAS Application Drive	Utrecht Town Hall
11.	Youth	03 February 2023	Matric Excellence Awards	Utrecht Town Hall
12.	Women, Senior Citizens, People with Disabilities	15 May to 02 June 2023	Economic Empowerment Programme (Training)	Emadlangeni Mangosuthu Arts Centre
13.	Men & Women	07 June 2023	Gender Programme	Emgundeni Tribal Court
14.	Youth	24 June 2023	Emadlangeni Sport & Arts Festival	Bensdorp Sports Field

EMADLANGENI LOCAL FORUMS

The Municipality officially launched the current Local Forums for the vulnerable groups on the 20th of May 2022, to serve for the period of five (5) years in line with the current Administration. Forum Meetings sit on a quarterly basis. The Municipality develops and executes Social Development Programmes based on the identified needs for each sector. Forums also assist in strengthening the relationship between the Municipality and the community.

The existing forums for the vulnerable groups are as follows:

- The Local Drug Action Committee
- The Local Aids Council
- The Local Youth Council
- The Local Women's Forum
- The Local Men's Forum
- The Local Senior Citizens Forum
- The Local Disability Forum
- The Local Arts & Culture Forum

CHALLENGES

The following are the challenges currently experienced in the social services unit:

- Suitable transport is required in order to reach out to communities, especially deep rural communities.
- The budget allocated is not sufficient to efficiently execute special programmes.

MEASURES TO BE TAKEN TO IMPROVE PERFORMANCE

- Procurement of a Bakkie in order to reach out to the community for service delivery.
- Procurement of a 22 seater taxi for transportation of forum members to district events
- Provision of transport for Forum Members to attend Local and District meetings for effective functioning of forums.
- Increase budget for special programmes so as to execute special programmes efficiently.

3.6 CROSS CUTTING

3.6.1 DISASTER MANAGEMENT

3.6.1.1 Institutional arrangements

The Disaster Management Unit was established in 2015 and operates 24 hours 7 days a week (24/7) with four teams performing a twelve-hour shift each. The Fire & Disaster Manager was appointed in November 2016. There is one (1) Disaster Management Officer and nine (9) Fire Fighters. The Municipality is working together with Uitkomst Colliery (Pty) Ltd towards the establishment of the Emergency Services Centre. Uitkomst Colliery (Pty) Ltd committed R3 million to build a portion of a plan as Phase 1 for the Municipality and as a complete project for Uitkomst Colliery. This is due to inflated prices after the Covid-19 pandemic, from the initial costs of R3 million to R 7 million. The construction of the Centre

was supposed to take place in 2022/23 financial year, and it has been moved to 2023/24 financial year.

The Municipal Disaster Management Advisory Forum (MDMAF) was established in July 2015 as a requirement by the Disaster Management Act 57 of 2002. The MDMAF meetings convenes quarterly.

MDMAF meetings were held on the following dates throughout the 2022/2023 financial year:

- Quarter One Meeting: 21 September 2022
- Quarter Two Meeting: 23 November 2022
- Quarter Three Meeting: 15 March 2023
- Quarter Four Meeting: 19 April 2023

The primary purpose of the MDMAF is to provide a mechanism for relevant role-players to consult each other with the purpose of coordinating actions on their actions on matters relating to disaster management in the Municipality.

3.6.1.2 Disaster risk reduction

The Municipality has a responsibility to implement disaster risk reduction measures to limit the adverse impact of both fabricated (man-made) and natural hazards on vulnerable areas, communities and households.

(a) Disaster management plan

The Disaster Management Act, 2002 (Act No. 57 of 2002) as amended places a legal obligation on all organs of state and other institutional role-players involved in disaster management to develop, regularly review, update, coordinate, share and implement the disaster management plan (DMP). The DMP was reviewed and updated according to guideline-development and structure of a disaster management plan compiled by the National Disaster Management Centre (NDMC) dated 01 April 2017.

The DMP was presented to all Council structures and it was adopted by Council on 29/06/2023. The aim of the DMP is to give prevention and reduction of disaster risks; mitigation strategies; preparedness for effective response to disasters; minimize loss and property damage and quick recovery from the impacts.

(b) Contingency plans

The Municipality faces an increasing level of disaster risks and is exposed to a wide range of hazards, including weather related hazards in both the summer and winter seasons that can trigger widespread hardship and devastation. These hazards include amongst others veld and structural fires, strong winds, storms, heavy rains, flash floods, lightning and others that may not yet be characterized. These events are known to cause widespread disruption within the communities. In order to ensure preparedness measures for any eventuality during the 2022/23 summer and winter seasons, the Municipality in partnership with the sector departments, welfare and relief organizations has prepared the summer and winter seasons contingency plans (the plans) for 2022/23 financial year. The Contingency Plans were presented to all Council structures:

- (i) Summer Season Plan - adopted by Council on 30/08/2022
- (ii) Winter Season Plan - adopted by Council on 26/04/2023.

The aim of the plans is to give prevention and mitigation strategies, emergency response and recovery; and coordination with other organs of state and institutional role players.

(c) Installation of lightning conductors

The Municipality is prone to lightning, which normally leads to death, injury and loss of property. One of the risk reduction strategies in preventing and mitigating lightning is the installation of lightning conductors. The Amajuba District Municipality and Provincial Disaster Management Centre (PDMC) have supported the Municipality with thirty-three (33) lightning conductors, installed to the most affected families as follows:

DATE	NUMBER OF LIGHTNING CONDUCTORS INSTALLED	SUPPORTED BY
01 - 07 December 2022	15	Amajuba District Municipality
20-21 March 2023	18	CoGTA - PDMC

(D) Creation of fire breaks

The Municipality created firebreaks around the Game Park and Amajuba Water Works to prevent and mitigate the impact that can be caused by veld fires as follows:

Date	Ward	Area
04 July 2022	2	Game Park
	5	eSigqumeni
06 July 2022	2	eMalahleni Combined School
11 July 2022	2	Vacant sites
12 July 2022	2	Vacant sites
14 July 2022	2	Game Park
18 July 2022	2	Politiki
19 July 2022	2	Politiki
12 August 2022	5	eMadlangeni Primary School
16 August 2022	2	SASSA offices
22 August 2022	2	Game Park
26 June 2023	2	Game Park
28 June 2023	2	Game Park

3.6.1.3 Response and recovery

The Municipality has experienced numerous incidents caused by strong winds, structural fires, veld fires, heavy rains, storm, lightning and drowning. The main causes of structural fires are candles left unattended, illegal connections, furnace (Imbawula), gas and arson. The veld fires destroyed livestock and grazing land.

Table 1: Summary statistics of the incidents that occurred from July 2022– June 2023 is as follows:

LOCAL MUNICIPALITY	OF TYPES INCIDENTS	OF NUMBER INCIDENTS	HOUSEHOLDS AFFECTED	HOUSES DESTROYED		PEOPLE AFFECTED	FATALITIES	INJURIES	MISSING PERSONS	HOMELESS
				TOTALLY DESTROYED	PARTIALY DAMAGE D					
SW – Strong Winds, F – Fires, FL – Floods, HR – Heavy Rains, S – Storm, Lightning – L, Drowning-D										
eMadlangeni	SW	5	162	199	115	1166	1	15	0	72
	Structural F	19								
	Veld F	70								
	HR	14								
	S	3								
	L	20								
	D	1								
TOTALS		132								

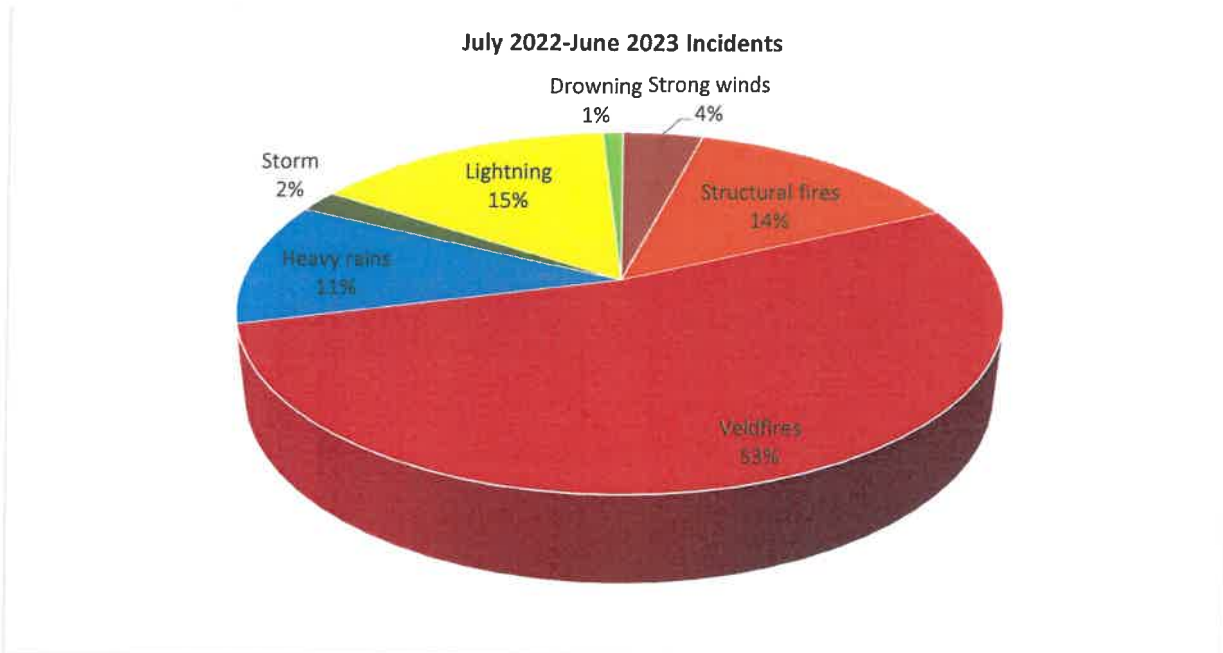


Figure 1: Distribution of incidents

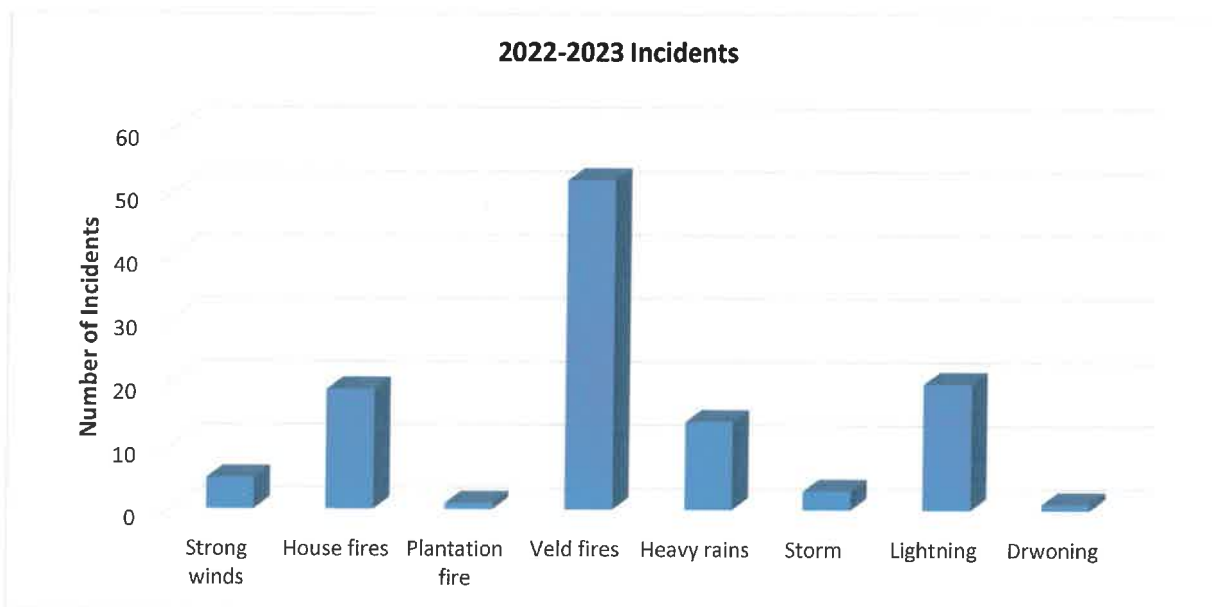


Figure 2: Number of incidents reported

Emergency relief issued by various stakeholders

The following relief was issued by the Municipality with the support of the PDMC, Amajuba DDMC, DSD and SASSA:

BLANKETS	SPONGES	BOX "B"	PLASTIC SHEETING	FOOD VOUCHERS	SCHOOL UNIFORM	EMERGENCY SHELTER
77	15	16	54	16	2	20

Damage to infrastructure

The magnitude and severity of the damage caused by the heavy rains in February 2023 had effects on the Municipality; the roads have developed severe potholes and some edge-break and require reworking of some layers and resurfacing. The imported surface material has been washed away by storm water, and the roads have developed trenches and dongas across and along the roads. The conditions of the roads are not conducive to any road users. The electrical infrastructure was also damaged and needs urgent attention; and the Municipality sees a need to conduct emergency infrastructural repairs and maintenance on the identified roads and electrical infrastructure. The Municipality has procured and replaced 500m x50 mm² MV cable (CU X 3 core, XLPE PVC 635/11kV) to address the damaged electrical infrastructure.

3.6.1.4 Education, Training and Public awareness

The Disaster Management Act 52 of 2002, National and Provincial frameworks state that, a municipal disaster management centre must promote formal and informal initiatives that encourage risk-avoidance behaviour by organs of state, the private sector, non-governmental organizations, communities, households and individuals in the municipal area. The workshops and awareness campaigns to raise disaster risk awareness, disaster risk reduction, volunteerism and preparedness were conducted as follows:

Activity	Date	Ward	Venue	Target group	Number of participants
i) Basic fire education	11/08/2022	3	Watervaal Training Centre	Department of	15
	30/05/2023			Correctional Services officials	24

ii) Ward-Based Disaster Management Workshop	07/09/2022	2	Utrecht Town Hall	Councillors, Ward Committee members and LTT stakeholders	61
iii) Career Simulation day	20/10/2022	3	eMxhakeni CP School	eMxhakeni School learners	225
	28/10/2022	2	eMalahleni CP School	eMalahleni School learners	312
iv) School-Based Disaster Management Workshop	08/03/2023	3	Bersig School Hall	School Principals and Educators	30
v) Fire and Disaster Management awareness campaign	27/07/2022	5	Siphintuthuko ECD Centre	ECD Educators, support staff and learners	47
	18/08/2022	5	Isisekelo ECD Centre		24
	19/08/2022	5	Lindokuhle ECD Centre		42
	24/08/2022	3	Mbalenhle ECD Centre		28
	30/08/2022	5	Vaalbank-eMadlangeni Skills Academy	Skills Academy staff and Community members	49
	16/09/2022	3	Khanyanjalo ECD Centre	ECD Educators, support staff and learners	28
		3	eMxhakeni CP School	Grade RR learners and Educators	19
	28/10/2022	1	Luthilunye School	Traditional Council, Ward Councillors and Community members	80
	23/05/2023				79
	24/05/2023	5	Slagveld School		111

	22/05/2023	2	Junit Manufacturing Clothing Company	Management and staff	500
Total number of participants					1674

3.6.2 FINACIAL IMPLICATIONS

Immediate intervention

Asphalt roads

Ward	Area/Road Name	Surface Type	Type of Damage	Length (km)	Costing in Rands (R)
2	Hugo Street	asphalt	Severe potholes & clogged storm water pipes	0,9	4 050 000.00
	Naude Street	asphalt	Severe potholes & clogged storm water pipes	1,3	5 850 000.00
	Keerom	asphalt	Severe potholes & clogged storm water pipes	0,7	3 115 000.00
TOTAL				2.9	13 015 000.00

Gravel roads

Ward	Area/ Road Name	Surface Type	Type of damage	Length (km)	Costing in Rands (R)
1	Dorothea / Mooihoek road	gravel	Gravel washed away	4.5	3 240 000.00
3	Vaalbank (crèche) road	gravel	Gravel washed away	8.8	6 336 000.00
4	Reserve road	gravel	Gravel washed away	5	3 600 000.00
5	Lenz road	gravel	Gravel washed away	3	2 160 000.00
	Berouw road	gravel	Gravel washed away	1.5	1 064 000.00
6	Mlwane	gravel	Gravel washed away	3.5	2 520 000.00
TOTAL				26.3	18 920 000.00

Electrical infrastructure

Damaged equipment	Quantity	Value each in Rands (R)	Total Cost in Rands (R)
MD4 magnefix mini-substation/switch gears to be replaced by mini-substation with metal clad switches	15	500 000.00	7 500 000.00
MV cables PXLE 50 mm ²	500m	450/m	225 000.00

16 mm ² LV cables	2 000m	170/m	340 000.00
Total costs			8 065 000.00

An emergency relief grant application of R31 935 000.00 was submitted to the Provincial Disaster Management Centre to repair damage road infrastructure on 17/03/2023.

Challenges and Possible Solutions

CHALLENGES	POSSIBLE SOLUTIONS
Response time due to non-availability of response vehicles	Prioritize procurement of a rescue vehicle.
Limited staff versus vastness of wards	Create and fund posts for appointment of: <ul style="list-style-type: none"> ▪ 4 X Leading Fire Fighters; ▪ 4 X Control Room Operators; and ▪ Station Officer
Limited budget	Additional funding for fire & rescue
Enforcement of Municipal by-laws	Training of Peace Officers to enforce the by-laws
Fire hydrants are not in good condition	Installation of new hydrants
Limited resources: <ul style="list-style-type: none"> ▪ Fire truck (4500 litres); ▪ Worn out PPE for structural fires; ▪ Limited fire equipment; and ▪ No relief material 	Procurement of: <ul style="list-style-type: none"> ▪ Rescue vehicle with all necessary equipment; ▪ PPE for structural fires; ▪ Fire equipment; and ▪ Relief material.

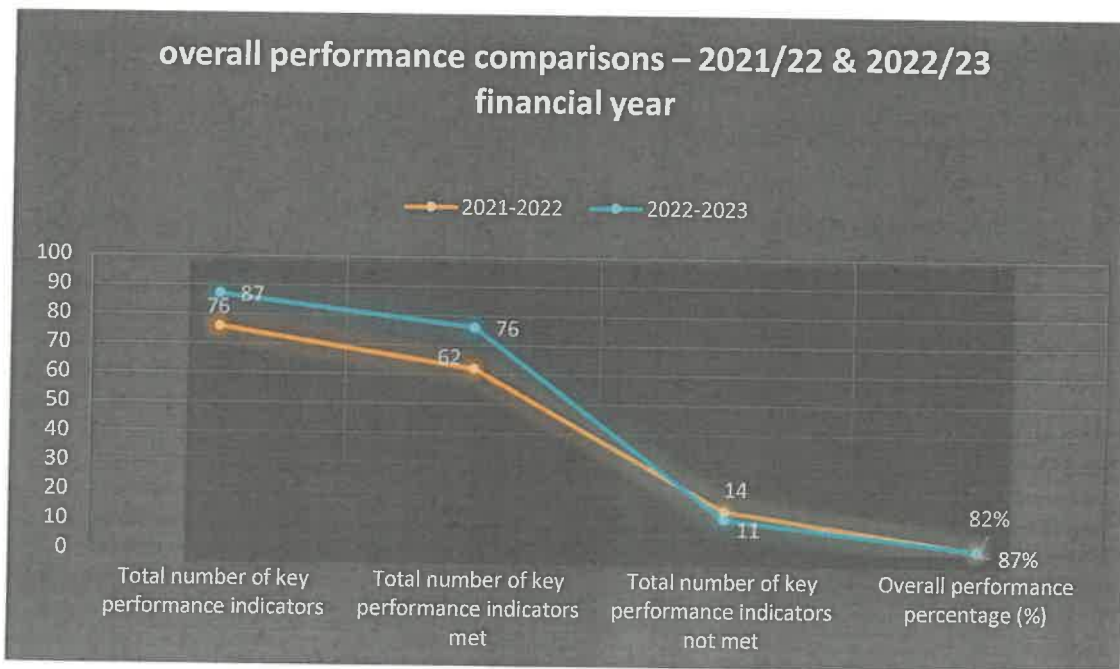
Measures taken to improve performance

- Establishment of Municipal Disaster Management Centre/Emergency Services Centre;
- Positive cooperation among stakeholders;
- Capacity building initiatives; and
- MDMAF meetings sit quarterly.

3.7 SUMMARISED ACHIEVEMENTS

OVERALL PERFORMANCE COMPARISONS – 2021/22 & 2022/23 FINANCIAL YEAR

KEY PERFORMANCE INDICATORS (KPIs)	2021-2022	2022-2023
total number of key performance indicators	76	87
total number of key performance indicators met	62	76
total number of key performance indicators not met	14	11
overall performance percentage (%)	81%	87%



- This report includes highlights from the key performance measures included in the 2022/23 IDP.
- This report presents the year-end performance results for 2022/2023 financial year. The results are reported using the traffic light criteria, according to their performance against improvement targets. A dashboard that summarizes performance for the municipality's scorecard is shown below.
- In 2022/23, performance has improved by 5% since the 2021/2022 financial year.

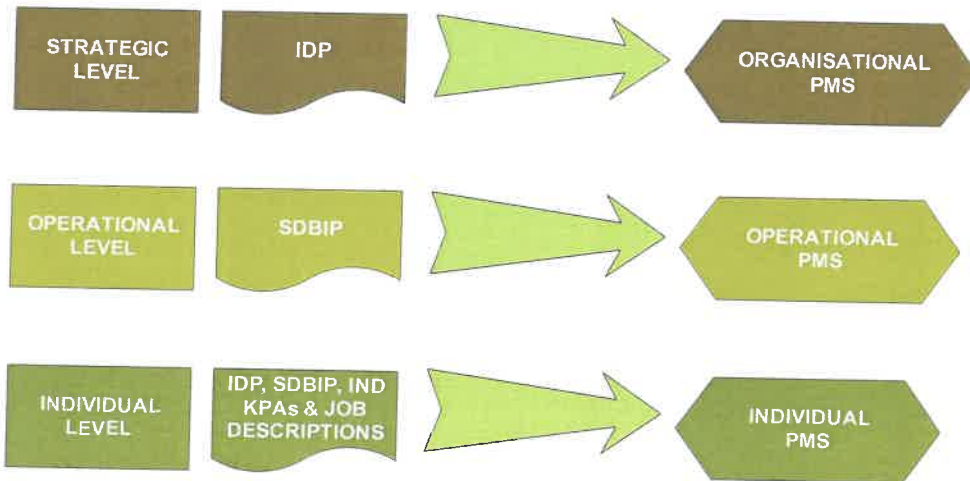
The traffic light system used to report performance is as follow:

- **Green** – Performance meets target
- **Red** – Performance not met target

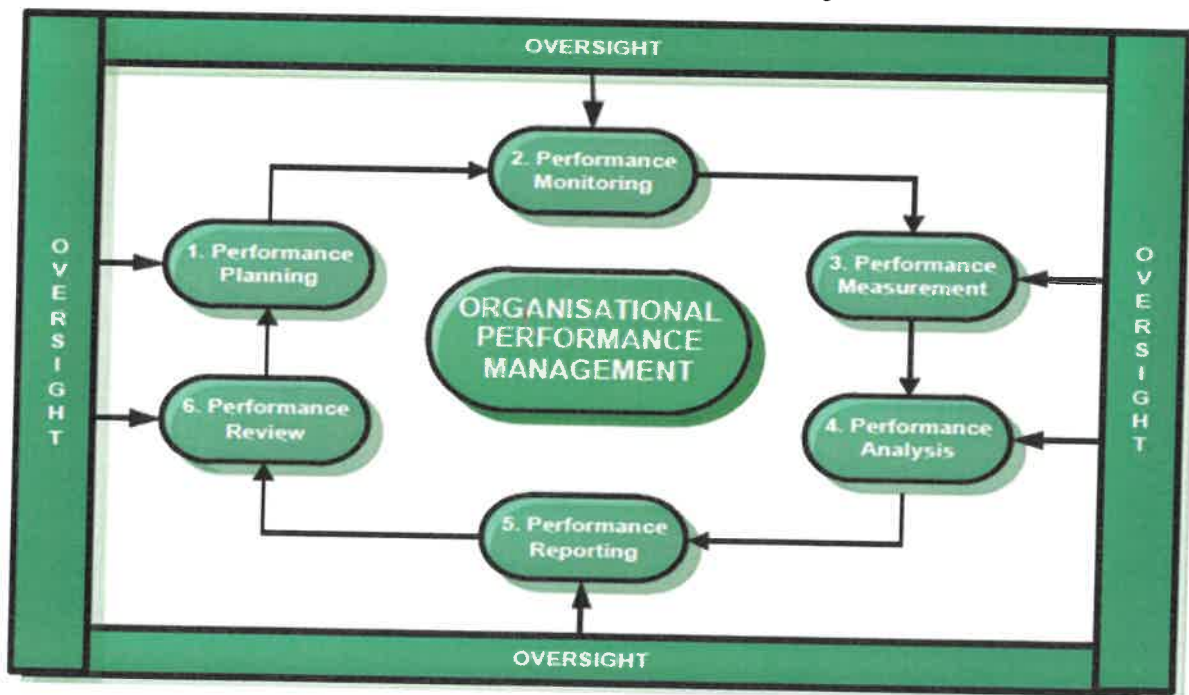
Traffic Light Status	2021/22 Performance	2022/2023 Performance
Green – Met target	82%	87%
Red – Target Not Met	18%	13%

3.8 ORGANISATIONAL PERFORMANCE MANAGEMENT PROCESS

The legislative framework as set out above provides for performance management at various levels in a municipality including Organizational (sometimes also referred to as municipal, corporate or strategic) level, operational (also referred to as services, departmental or section/team level) and lastly, at individual level as. These levels are however integrated and interdependent on each other.



The process of managing performance at Organizational level in the eMadlangeni Local Municipality involves the stages as set out in the following diagram:



Key performance indicators have been refined in support of the municipality's development priorities and objectives as set out in the revised IDP framework (aligned with the organizational structure and Council's priorities) for the five-year IDP period to ensure consistency in measuring and reporting on long terms strategies and projects. Measurable performance targets with regard to each of these development priorities and objectives were established and are reflected in the 2022/23 OPMS Scorecard/Top Layer of the Service Delivery Budget implementation Plan. A process to ensure regular reporting is in place and is reported quarterly to the Council via the Performance Audit Committee.

Individual performance agreements and performance plans were prepared in line with provisions prescribed in the Performance Regulations (Notice 805, published on 1 August 2006 in the official gazette) and signed by the Municipal Manager and Heads of Departments. These agreements are fully implemented and aligned with the Service Delivery and Budget Implementation Plan as required in terms of the Municipal Finance Management Act (No 56 of 200).

3.9 PERFORMANCE AND SUPPORTING INFORMATION

Performance Monitoring underpins the Municipality's Integrated Development Plan in terms of reviewing progress regularly in achieving the priorities and delivering value for money services.

Early investigation into variances enables remedial action taken where appropriate.

The Annual Performance Report highlights the key performance measures included in the Integrated Development Plan (IDP) review for the 2022/2023 financial year. These priority measures constitute the Organisational Performance Scorecard.

The annual performance reporting on the 2022/23 financial year has been completed and reflected in the Organisational Performance Scorecard / The Top Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan in a table format (as prescribed by KwaZulu Natal Department of Corporate Governance and Traditional Affairs). The Top Layer Service Delivery Budget Implementation Plan (SDBIP) consolidated service

delivery targets as contemplated in National Treasury Municipal Finance Management Act (MFMA) Circular 13 guide.

- The Municipal Scorecard approach reflects the 6 national KPA's and local priorities and enables a wider assessment of how the municipality is performing.
- The performance report is based on measures included in the Municipal Scorecard.

10.1 OVERALL ORGANISATIONAL PERFORMANCE SCORECARD 2022/23 FINANCIAL YEAR

KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT											
DEPARTMENT	KEY PERFORMANCE AREA	PROJECT	BASIS	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2022/23	BUDGET	AMENDED (MID-YEAR) ANNUAL TARGET 2022/23	ANNUAL ACTUAL ACHIEVED	TOTAL BUDGET EXPENSE	MEANS OF VERIFICATION	CORRECTIVE ACTION FOR TARGET NOT MET/REMARKS
Objective:											
Infrastructure and Planning Development	Basic service delivery and infrastructure	Connection of 09 households through rural electrification projects for year ended June 2023: Jiyane, Ward 3	0	1.1.1.1.(a) Number of households connected through rural electrification at Jiyane, ward 3	-	1934865,	09 connections at Jiyane, Ward 3	10 connections at Jiyane	R 1480,55	Quarterly Progress Report/Close-Out Report	The increase in number of connections from the initial planned connections (from 9 to 10 connections) was due to households' relocation within the village.

lopment	development		ject	Kerk Street, Phase 2, Ward 2	Street	5, 6 1										
Infrastructure and Planning Development	Basic service delivery and infrastructure development	Rehabilitation of Loop Street 0.15 KMs for year ending 30 June 2023	Rehabilitation of Loop Street, Ward 2	Rehabilitation of 0.15K Ms of Loop Street	Rehabilitation of 0.15K Ms of Loop Street	R 3 2 1 2 2 7 3, 3 5	0.15	R 23 01 745 .00	Completion Certificate	AC HIE VED						
Infrastructure and Planning Development	Basic service delivery and infrastructure development	Rehabilitation of Kerk Street 0.7 KMs Phase 3 for year ending 30 June 2023	1.1.3.2 (b) 0.15 KMs of paved Municipal road which has been resurfaced to Loop Street, Ward 2	Rehabilitation of 0.7K Ms of Kerk Street	Rehabilitation of 0.7K Ms of Kerk Street	R 1 0 0 1 0 0 0 0 0	77% completed	R3 304 39 0.2 0	Advert; Minutes; Attendance Register; Appointment Letter; Progress Report & Completion Certificate	Not AC HIE VED						Delays on material test results from the lab.
Infrastructure and Planning Development	Basic service delivery and infrastructure development	Length of roads levelled through road maintenance program in the 2022/23 Financial Year	1.1.3.3 100% maintenance of 60 KMs of roads in all 6 Wards	Main tenance of 60 KM on Muni	Main tenance of 60 KM on Muni		98.7 KMs		Quarterly Report & Completion certificate signed by supervisor and HOD	AC HIE VED						Due to unforeseen changing weather conditions that resulted to floods

lopment	development			Principal roads							
Infrastructure and Planning Development	1 reviewed and adopted 2022/23 Housing Sector Plan (HSP)	1	1.1.4.1 Number of adopted Housing Sector Plan	1			1			Draft and Final Housing Sector Plan & Council Resolution	AC HIE VE D
Infrastructure and Planning Development	1 reviewed and adopted 2022/23 Spatial Development Framework (SDF)	1	1.1.4.2 Number of adopted Spatial Development Framework	1			1			Draft and Final SDF & Council Resolution	AC HIE VE D
Infrastructure and Planning Development	Review and adopt the LED Strategy	1	1.2.2.1 Number of reviewed and adopted LED Strategy	1			1			LED Strategy & Council Resolution	AC HIE VE D

Infrastructure and Planning Development	Basic service delivery and infrastructure development	120 job opportunities created under Extended Works Programme (EPWP)	0	1.2.2.2 Number of opportunities created under EPWP	-	120	134	Attendance Register & Signed EPWP contracts	AC HIE VE D	Demand driven
Infrastructure and Planning Development	Basic service delivery and infrastructure development	Provide capacity building interventions for entrepreneurs and SMME's	0	1.2.3.1 Number of building interventions for local entrepreneurs and SMME's provided	4	4	4	Invite/Training Manual & Attendance Register	AC HIE VE D	
Infrastructure and Planning Development	Basic service delivery and infrastructure development	Refurbishment of Balele Game Park	0	1.2.3.2 Refurbishment of Balele Game Park	4	4	4	Progress Report	AC HIE VE D	
Infrastructure and Planning	Basic service delivery and infrastructure	4 Disaster Management Advisory Forum Meetings to be conducted in the	4	1.2.4.1 Number of Disaster Management Advisory Forum Meetings conducted	4	4	4	Notice, Agenda, Minutes & attendance register	AC HIE VE D	

Development	2022/23 Financial Year	2022/23	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023
Infrastructure and Planning Development	20 lightning conductors to be purchased in the year ending June 2023	20	20	20	20	20	20	20	20	20	20	20	20	20
Infrastructure and Planning Development	Basic service delivery and infrastructure development	1.2.4.2 Number of lightning conductors purchased	20	20	20	20	20	20	20	20	20	20	20	20
Infrastructure and Planning Development	Basic service delivery and infrastructure development	2 Reviewed and updated contingency plan for 2022/23 financial year	2	2	2	2	2	2	2	2	2	2	2	2
Infrastructure and Planning Development	Basic service delivery and infrastructure development	8 Disaster Management trainings & awareness campaigns conducted in 2022/23	8	8	8	8	8	8	8	8	8	8	8	8

33 Lightning Conductors were purchased by Amajuba District & PMDC. 0 lightning conductors purchased by Emadlangeni Local Municipality.

Department of Education and Correctional Services requested trainings and awareness campaigns after the approval of the SDBIP.
-Disaster management unit is considering to review the target from 8 to 12 in the next financial year.

Infrastructure and Planning Development	Basic service delivery and infrastructure development	1 Reviewed and adopted Disaster Management Plan in the year ending June 2023	1	1.2.4.5 Review and adopt Disaster Management Plan	1	1	1	1	1	Disaster Management Plan & Council Resolution	AC HIE VED	
Infrastructure and Planning Development	Basic service delivery and infrastructure development	1 Review & Update Disaster Management Sector Plan in the year ending in June 2023	1	1.2.5.1 Review & Update Disaster Management Sector Plan	1	1	1	1	1	Disaster Management Sector Plan & Council Resolution	AC HIE VED	
Infrastructure and Planning Development	Basic service delivery and infrastructure development	1 Monitoring of construction of Disaster Management Centre	1	1.2.5.2 Monitor construction of Disaster Management Centre	1	1	1	1	1	Report	AC HIE VED	
Infrastructure and Planning	Basic service delivery and infrastructure	Total number of formal households, businesses and government areas with	0	1.2.6.1 Number of formal households, businesses and government areas with	-	1	324	1	1	Quarterly Report, Billing System & Collecting Schedule	AC HIE VED	The target was achieved more than its set standard because of subdivision applications received, resulting in the increase of sites for waste collection. This has been corrected in the upcoming

Corporate Services	Municipal institutional development and transformation	Build Capable work force to deliver services	21	2.1.2.2. Number of funded vacant posts filled by 30 June 2023	21	21	21	Appointments Letters & Listing of appointments	ACHIEVED
Corporate Services	Municipal institutional development and transformation	Build Capable work force to deliver services	1	2.1.2.3 Number of Employee Wellness Campaign held by 30 June 2023	1	1	1	Attendance Register	ACHIEVED
Corporate Services	Municipal institutional development and transformation	Ensure sustainable working environment	18	2.1.2.4 Number of lease agreements signed for Municipal Properties (Rental Houses)	18	18	18	Individual Signed Lease Agreements	ACHIEVED
Corporate Services	Municipal institutional development and transformation	Review and adoption of the organisational structure for 2023/24	1	2.1.2.5 Number of adopted reviewed Organogram	1	1	1	Council Resolution	ACHIEVED

Corporate Services	Municipal institutional development and transformation	Sitting of Local Labour Forum	4	2.1.2.6 Number of LLF meetings conducted	4				3	Minutes and Attendance Register	NOT ACHIEVED	The LLF meeting was postponed due to quorum not being met from Union Representatives.
Corporate Services	Municipal institutional development and transformation	Review of a Workplace Skills Plan (WSP) for 2023/24 Financial Year	1	2.1.3.1 Number of approved Workplace Skills Plans submitted to LG SETA	1				1	Acknowledgment letter from LG SETA	ACHIEVED	
Corporate Services	Municipal institutional development and transformation	Provision of Training for Councilors and Officials	16	2.1.3.2 Number of Officials & Councilors trained	30				30	Attendance Register & Completion Certificates	NOT ACHIEVED	Municipality has not received Completion Certificates from Sector Departments for trainings

KEY PERFORMANCE AREA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (SOUND FINANCIAL MANAGEMENT)

DEPARTMENT	KEY PERFORMANCE AREA	PROJECT	BASELINE	KEY MEASURABLE PERFORMANCE INDICATOR	ANNUAL TARGET 2022/23	BUDGET	AMMENDED (MID-YEAR) ANNUAL TARGET 2022/23	ANNUAL ACTUAL ACHIEVEMENT 2022/23	TOTAL BUDGET EXPENDITURE	MEANS OF VERIFICATION	ACHIEVED/NOT ACHIEVED	CORRECTIVE ACTION FOR TARGET NOT MET/REMARKS
OBJECTIVE:												
Budget & Treasury	Municipal financial viability and management (sound financial management)	1 Annual Financial Statements prepared and submitted to Auditor General in the year ended June 2023	1	3.1.1.1 Number of Annual Financial Statement submitted to Auditor General	1			1		Proof of submission and signed copy of annual financial statement	ACHIEVED	
Budget & Treasury	Municipal financial viability and management (sound financial management)	1 Draft and Final Budgets prepared; tabled to Council and Submitted to Treasury in the year ended June 2023	1	3.1.2.1 Number of municipal draft & final annual budget adopted	1			1		Council Resolution	ACHIEVED	

Budget & Treasury	Municipal financial viability and management (sound financial management)	1 Adjustment budget reviewed, adopted by Council and submitted to Treasury in the year ended June 2023.	1	1	3.1.2.2 Number of municipal adjustment budget adopted	1						ACHIEVED	
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 Investment reconciliation prepared in the year ended June 2023	12	12	3.1.3.1 Number of monthly investments reconciliation	12			12		Signed investment register	ACHIEVED	
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 Grant reconciliation to be prepared in the year ended 2023	12	12	3.1.3.2 Number of monthly grant reconciliation	12			12		Signed copies of grant reconciliation	ACHIEVED	
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 creditors reconciliations prepared in the 2023 Year end	12	12	3.1.3.3 Number of monthly creditors reconciliation	12			12		Signed copies of creditors reconciliation	ACHIEVED	
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 Valuation roll reconciliations to be prepared in the year ended 2023	12	12	3.1.4.1 Number of monthly valuation roll reconciliation	12			12		Signed copies of valuation roll	ACHIEVED	

Budget & Treasury	Municipal financial viability and management (sound financial management)	12 Debtors reconciliation to be prepared in the year ended 2023	12	3.1.4.2 Number of monthly debtors reconciliation	12	1	Signed copies of debtors reconciliation	ACHIEVED
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 Supply Chain Management reports submitted to the Mayor; CoGTA and Provincial Treasury in the year ended June 2023	12	3.1.5.1 Number of monthly and quarterly Supply Chain processes reports	12	12	Compiled monthly & quarterly reports	ACHIEVED
Budget & Treasury	Municipal financial viability and management (sound financial management)	1 Procurement Plans prepared and submitted in the 2022/23 Financial year	1	3.1.5.2 Number of adopted and updated SCM framework	1	1	Proof of submission(email) and signed procurement plan	ACHIEVED
Budget & Treasury	Municipal financial viability and management (sound financial management)	4 times the Contract register is reviewed and updated in the 2023 Financial Year	4	3.1.5.3 Number of contract register reviewed and updated	4	4	Signed copies of contract registers	ACHIEVED
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 C schedule Reports prepared and submitted to Mayor and Provincial Treasury in the year ended June 2023	12	3.1.6.1 Number of monthly Section71 reports compiled	12	12	Proof of submission (email) and report	ACHIEVED

Budget & Treasury	Municipal financial viability and management (sound financial management)	1 section reports completed and submitted to council in the year ended June 2023	72	1	3.1.6.2 section 72 reports completed and submitted to council	1			1	Council resolution and extract of report	ACHIEVED	
Budget & Treasury	Municipal financial viability and management (sound financial management)	4 section reports prepared and submitted to council in the year ended June 2023	52	4	3.1.6.3 Number of annual financial reports	4			4	Proof of submission (email) and reports	ACHIEVED	
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 VAT returns submitted to SARS in the year ended June 2023	12	12	3.1.6.4 Number of VAT returns submitted to SARS	12			12	VAT 201 statements	ACHIEVED	
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 Assets Reconciliation prepared in the year ended 2023	12	12	3.1.6.5 Number of monthly assets reconciliation	12			12	Signed copies of assets reconciliations	ACHIEVED	
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 Bank reconciliation prepared in the year ended 2023	12	12	3.1.6.6 Number of monthly bank reconciliation	12			12	Signed copies of bank reconciliations	ACHIEVED	

KEY PERFORMANCE AREA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (PUTTING PEOPLE FIRST)

DEPARTMENT	KEY PERFORMANCE AREA	PROJECT	BASELINE	KEY MEASURABLE PERFORMANCE INDICATOR	ANNUAL TARGET 2022/23	BUDGET	AMENDED(MID-YEAR) ANNUAL TARGET 2022/23	ANNUAL ACTUAL ACHIEVEMENT 2022/23	TOTAL BUDGET EXPENDITURE	MEANS OF VERIFICATION	ACHIEVED / NOT ACHIEVED	CORRECTIVE ACTION FOR TARGET NOT MET/REMARKS
OBJECTIVE:												
Corporate & Community Services	Good governance and public participation (putting people first)	24 meetings conducted during 2022//2023	24	4.1.1.1 Number of public meetings (per ward) conducted	24			24		Agenda, Minutes and Attended Register	ACHIEVED	
Corporate & Community Services	Good governance and public participation (putting people first)	6 meetings conducted during 2022/23	0	4.1.1.2 Number of Izimbizo meeting conducted	6			6		Attendance register and report	ACHIEVED	
Corporate & Community Services	Good governance and public participation (putting people first)	72 committee meetings held during end of 2022/23	72	4.1.1.3 Number of quarterly meetings reports per ward (committee)	72			72		Minutes and register	ACHIEVED	

Corporate & Community Services	Good governance and public participation (putting people first)	4 Local Team Meetings held during 2022/2023	0	4.1.1.4 Number of Local Team meetings held	4			4	Quarterly Report	ACHIEVED	
Office of the Municipal Manager	Good governance and public participation (putting people first)	2 IDP RF meetings conducted in the financial year 2022/23	2	4.1.1.6 Number of the IDP RF functionality.	2			2	Attendance register	ACHIEVED	
Office of the Municipal Manager	Good governance and public participation (putting people first)	4 radio interviews conducted by the Executive Municipality in the end of 2022/23 Financial Year	4	4.1.2.1 Number of radio slots conducted	4	R 50 000		4	Podcast and signed invoice	ACHIEVED	
Office of the Municipal Manager	Good governance and public participation (putting people first)	4 Newsletters published in the 2022/23 financial year	0	4.1.2.2 Number of newsletters published	4			1	Copy of newsletter	NOT ACHIEVED	The annual target of 4 newsletters for the 2022/23 FY could not be met due to municipal financial constraints and the bidders not meeting requirements. The target will be limited to 2 newsletters in

Office of the Municipal Manager	Good governance and public participation (putting people first)	18 banners procured in the 2022/23 financial year	18	4.1.2.3(a) Number of marketing material procured (banners)	4	R 200 000.00					4	Invoice	ACHIEVED	the upcoming financial year.
Office of the Municipal Manager	Good governance and public participation (putting people first)	10 Calendars procured in the 2022/23 financial year	0	4.1.2.3(b) Number of marketing material procured (calendars & diaries)	10 000 calendars & 200 diaries	R 200 000.00					10 000 calendars & 200 diaries	Invoice	ACHIEVED	
Office of the Municipal Manager	Good governance and public participation (putting people first)	121 Political wall bearers pictures in the year ended 30 June 2023	0	4.1.2.4 Number of photography services conducted	121	R 60 000					121	Invoice	ACHIEVED	
Office of the Municipal Manager	Good governance and public participation (putting people first)	1 adopted and submitted IDP 2023/24 Financial Year	2022/2023 IDP	4.1.3.1 Number of prepared, adopted and submitted IDP	Review and adopt 1 2023/24 IDP						1 2023/24 IDP reviewed & adopted	Council resolution, Advert & Extract of Draft & Final IDP	ACHIEVED	
Office of the Municipal Manager	Good governance and public participation (putting people first)	1 Prepared, adopted and submitted SDBIP 2023/24 Financial Year	2023/24 SDBIP	4.1.3.2 2023/2024 Service Delivery and Budget Implementation Plan	1 Adoption of SDBIP						1 2023/24 SDBIP adopted	Acknowledgement of receipt from Mayor & Advert	ACHIEVED	
Office of the Municipal Manager	Good governance and public participation (putting people first)	1 Prepared, adopted and submitted IDP & Budget Process Plan for 2023/24 Financial year	1	4.1.3.3 Number of Prepared, adopted and submitted IDP & Budget Process Plan	1						1	Council resolution	ACHIEVED	

Office of the municipal manager	Good governance and public participation (putting people first)	1 Annual Performance Reports prepared and submitted to AG and relative authorities	1	4.1.3.4 Number of Annual Performance Reports prepared and submitted to AG and relative authorities	1			1	Extract for APR & Council Resolution	ACHIEVED	
Office of the municipal manager	Good governance and public participation (putting people first)	1 reviewed and adopted performance management system	1	4.1.3.5 Number of reviewed and adopted performance management system	1			1	Council resolution	ACHIEVED	
Office of the municipal manager	Good governance and public participation (putting people first)	1 Oversight reports prepared and submitted to MPAC for the Year ended June 2022	1	4.1.3.6 Number of oversight reports prepared and submitted to MPAC	1			1	Extract of the oversight report, MPAC minutes &/Council resolution	ACHIEVED	
Office of the municipal manager	Good governance and public participation (putting people first)	4 Quarterly performance reports adopted by the council in the 2022/23 financial year	0	4.1.3.7 Number of quarterly Performance Reports generated and submitted to Internal Audit	4			4	Extract of the report & proof of submission from Internal Auditor	ACHIEVED	

Office of the municipal manager	Good governance and public participation (putting people first)	12 Council meeting held in the 2022/23 Financial Year	4	4.1.4.1.1 Number of legislated council meetings seated	4				4	Notice of meetings and attendance register	ACHIEVED	
Office of the municipal manager	Good governance and public participation (putting people first)	4 Audit committee meetings Held in the end of 2022/23 Financial Year	4	4.1.4.2 Number of audit committee quarterly meetings	4				4	Notice of meetings, Minutes and Attendance Register	ACHIEVED	
Office of the municipal manager	Good governance and public participation (putting people first)	4 Risk Management Meetings held in the 2022/23 Financial Year	4	4.1.4.3 Number of risk management meetings conducted	4				3	Notice of meetings and Attendance Register	NOT ACHIEVED	Management resolved that they were going to appoint an External Risk Committee Chairperson. The appointment of the Chairperson delayed because the Audit Committee was appointed in August in time for the AFS submissions.
Office of the municipal manager	Good governance and public participation (putting people first)	1 conduct Annual Risk Assessment & Annual Fraud Risk Assessment for 2023/24	1	4.1.4.4 Number of Annual Risk Assessment & Annual Fraud Risk Assessment conducted	1				1	Register and minutes	ACHIEVED	

Office of the municipal manager	Good governance and public participation (putting people first)	12 Internal audit reports generated in the year ending June 2023	12	4.1.4.5 Number of internal audit reports generated.	12		12	Extract of report	ACHIEVED	
Office of the municipal manager	Good governance and public participation (putting people first)	1 internal Audit Charter approved by Audit Committee in the Year 2022/23 Financial Year	1	4.1.4.6 Number of internal audit charter approved by audit committee	1		1	Audit committee resolution approving the charter	ACHIEVED	
Office of the municipal manager	Good governance and public participation (putting people first)	1 Audit Committee Charter reviewed and approved by Council in the financial Year 2022/23	1	4.1.4.7 Number of audit charter reviewed and approved by council	1		1	Council resolution on approval Charter	ACHIEVED	
Office of the municipal manager	Good governance and public participation (putting people first)	4 audit committee reports tabled to Council for the year ended 30 June 2023	4	4.1.4.8 Number of audit committee reports tabled to council	4		1	Council resolution and minutes	NOT ACHIEVED	Target was not achieved due to the on going AG Audit & Managerial commitments, the Chairperson was unable to present a comprehensive report on the status of operations for the Quarter 1 & 2.

Office of the municipal manager	Good governance and public participation (putting people first)	1 internal Audit Annual Plan developed for 2022/23 Financial Year	1	4.1.4.9 Number of internal audit annual plan developed	1	1	1	Audit committee resolution and copy of Internal Audit Annual Plan	ACHIEVED
Office of the municipal manager	Good governance and public participation (putting people first)	1 Action Plans prepared on Audit findings and submitted to Municipal Manager in 2022/23 Financial year	1	4.1.4.10 Number of action plan prepared on audit findings and submitted to municipal manager	1	1	1	Action plan	ACHIEVED
Office of the municipal manager	Good governance and public participation (putting people first)	4 quarterly update of risk register generated for 2022/23 Financial Year	4	4.1.4.11 Number of quarterly update for risk register conducted	4	4	4	Extract of the report and minutes	ACHIEVED
Office of the municipal manager	Good governance and public participation (putting people first)	12 Legislated MANCO meetings seated	12	4.1.4.12 Number of legislated MANCO meetings seated	12	10	10	Extract of minutes & attendance register	NOT ACHIEVED

KEY PERFORMANCE AREA 5: LOCAL ECONOMIC AND SOCIAL DEVELOPMENT (SERVICE DELIVERY)

DEPARTMENT	KEY PERFORMANCE AREA	PROJECT	BASELINE	KEY MEASURABLE PERFORMANCE INDICATOR	ANNUAL TARGET 2022/23	BUDGET	AMENDED (MID-YEAR) ANNUAL TARGET 2022/23	ANNUAL ACTUAL ACHIEVEMENT 2022/23	TOTAL BUDGET EXPENDITURE	MEANS OF VERIFICATION	ACHIEVED/ NOT ACHIEVED	CORRECTIVE ACTION FOR TARGET NOT MET/ REMARKS
OBJECTIVE:												
Corporate & Community Services	Local Economic Development (Service Delivery)	4 vulnerable groups forums/ meetings/ workshops in the 2022/23 financial year	4	5.1.1.1 Number of tasks/ functionalities of forums for vulnerable groups implemented	4			4		Agenda, Minutes & Attendance Register	ACHIEVED	
Corporate & Community Services	Local Economic Development (Service Delivery)	8 Special Programmes conducted	8	5.1.1.2 Number of Special Programmes coordinated to empower the vulnerable groups	8			8		Report & Register	ACHIEVED	
Corporate & Community Services	Local Economic Development (Service Delivery)	4 book exchange Programmes in the 2022/23 Financial Year	4	5.2.1.1 Number of book exchange programmes	4			4		Quarterly Report	ACHIEVED	

Corporate & Community Services	Local Economic Development (Service Delivery)	4 Library orientation and outreach programs held during 2022/23 Financial Year	4	5.2.1.2 Number of library orientation and outreach programmes	4				4	Agenda, Minutes & Attendance Register	ACHIEVED	
Corporate & Community Services	Local Economic Development (Service Delivery)	8 road blocks conducted in the 2022/23 Financial Year	12	5.4.3.1 Number of road blocks conducted	8				37	Quarterly Report	ACHIEVED	At the beginning of the financial year Traffic Department was understaffed, towards the end of the financial year 3 new traffic officers were appointed.

10.2 OVERALL ORGANISATIONAL PERFORMANCE SCORECARD 2021/22 FINANCIAL YEAR

KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

DEPARTMENT	KEY PERFORMANCE AREA	PROJECT	BASIS	KEY MEASURABLE PERFORMANCE INDICATOR	ANNUAL TARGET 2021/22	BUDGET	AMMENDED (MID-YEAR) ANNUAL TARGET 2021/22	ANNUAL ACTUAL ACHIEVEMENT 2021/22	TOTAL BUDGET EXPENDITURE	MEANS OF VERIFICATION	ACHIEVED D/NOT ACHIEVED	CORRECTIVE ACTION FOR TARGET NOT MET/REMARKS
Objective:												
Infrastructure and Planning Development	Basic service delivery and infrastructure development	Connection of 73 households through rural electrification projects for year ended June 2022: Waaihoek Phase 2 Ward 3	1	1.1.1.1.(2) Number of households connected through rural electrification at Waaihoek Phase 2, ward 3	73 connections at Waaihoek Phase 2, ward 3	3 596 509 00	77 connections	77 connections	R 4039 513.73	Quarterly progress report	Achieved	
Infrastructure and Planning Development	Basic service delivery and infrastructure development	Connection of 45 households through rural electrification projects for year ended June 2022: KwaLembe Phase 3 Ward 1	2	1.1.1.1.(3) Number of households connected through rural electrification at KwaLembe, Phase 3, ward 1	45 connections at KwaLembe, ward 1	3494874.30		46 connections	R470 7995.34	Quarterly progress report	Achieved	

Infrastructure and Planning Development	Basic service delivery and infrastructure development	Rehabilitation of Kerk street 0.4 km phase 2 for year end 30 June 2022	Kerk Phase 1	1.1.3.2(1) Percentage rehabilitation of 0.4 km Kerk street phase 2, ward 2	100% Rehabilitation of 0.4 km, Kerk street, ward 2	4950681.75	0	R264 9726.75	Quarterly progress report and construction completion certificate	Not achieved	<p><u>Challenges</u> Delays in SCM processes. MIG transfer for Q3 was withheld due to underspending. During Q4 the progress was at 78 %. The Project was completed on the 04 August 2022.</p> <p><u>Corrective measures</u> to be taken The appointment of a panel of contractors is in progress to fast-track the tender process.</p>
Infrastructure and Planning Development	Basic service delivery and infrastructure development	Percentage in kilometres (km) of roads rehabilitated for year end 30 June 2022 Loop Street, Phase 1, Ward 2	0	1.1.3.2(2) Percentage rehabilitation 0.15 km Loop street, ward 2	100% rehabilitation of 0.15 km, Loop street, ward 2	4044961 1.48	0	R192 0100.00	Quarterly progress report and construction completion certificate	Not achieved	<p><u>Challenges</u> Delays in SCM processes. MIG transfer for Q3 was withheld due to underspending. During Q4 the progress was at 60 %. The project was completed on the 17 August 2022.</p> <p><u>Corrective measures</u> to be taken The appointment of a panel of contractors is in progress to fast-track the tender process.</p>

Infrastructure and Planning Development	Basic service delivery and infrastructure development	Length of roads levelled through road maintenance program in the Financial Year 2021/22	60K M	1.1.3.3 100% maintenance of 60 km of roads in all 6 Wards	Maintenance of 60 KM on municipal roads	-	-	125 km	Completion certificate signed by supervisor and HOD	Achieved
Infrastructure and Planning Development	Basic service delivery and infrastructure development	1 reviewed and adopted 2021/22 Housing Sector Plan	1	1.1.4.1 Number of adopted Housing Sector Plan	x1	-	-	1	Council resolution	Achieved
Infrastructure and Planning Development	Basic service delivery and infrastructure development	1 reviewed and adopted 2021/22 Spatial Development Framework	1	1.1.4.2 Number of adopted Spatial Development Framework	x1	-	-	0	Council resolution	Not Achieved

Challenges:
Council instability

Corrective Measures to be taken:
The new Council is fully functional

<p>Infrastructure and Planning Development</p>	<p>Basic service delivery and infrastructure development</p>	<p>1 Conducted environmental impact assessment in Groenvlei in the year 2022</p>	<p>1</p>	<p>1.1.4.3 Number of environmental impact assessment in Groenvlei conducted</p>	<p>x1</p>	<p>-</p>	<p>-</p>	<p>0</p>	<p>Annual report</p>	<p>Not achieved</p>	<p>Challenges: Poor performance of service provider led to termination of services. <u>Corrective measures to be taken</u> The Department of Human settlements has taken over the project to conduct a full blown Environmental Impact Assessment</p>
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Infrastructure and Planning Development	Basic service delivery and infrastructure development	1	Conduct 2021/22 ERF 750 Cemetery Hydrological study	0	1.1.4.4 Number of ERF 750 Cemetery Hydrological study conducted	x1	-	-	0	Submission letter to EDTEA	Not achieved	<p><u>Challenges</u></p> <p>The municipality did not have internal technical expertise to carry out the project.</p> <p><u>Corrective measures to be taken.</u></p> <p>A position for environmental officer has been included in the organogram to ensure compliance with all environmental issues</p>
Infrastructure and Planning Development	Basic service delivery and infrastructure development	0	Review and adopt LED strategy	0	1.2.4.1 Number reviewed and adopted LED strategy	1	1	1	1	Council resolution	Achieved	
Infrastructure and Planning Development	Basic service delivery and infrastructure development	0	Issuing of 20 business licenses applications	0	1.2.4.2 Number of business license applications to be issued	X20	-	10	14	Cash receipt and copy of business licence	Achieved	

Infrastructure and Planning Development	Basic service delivery and infrastructure development	40 informal trading applications	0	1.2.4.3 Number of informal trading permit applications issued	x40	-	20	20	-	Copy of informal trading permit	Achieved
Infrastructure and Planning Development	Basic service delivery and infrastructure development	Review 4 of the existing SMME development framework.	0	1.2.4.4 Number of the SMME development framework reviewed.	x4	-	2	x2. Number of capacity building interventions for local entrepreneurs and SMME's provided	-	Quarterly register, implementation plan and report	Achieved
Infrastructure and Planning Development	Basic service delivery and infrastructure development	4 Disaster Management Advisory Forum Meetings to be conducted in the 2021/22 Financial Year	0	1.3.4.1 Number of Disaster Management Advisory Forum Meetings conducted	x4	-	4		-	Notice, Agenda, Minutes & attendance register	
Infrastructure and Planning Development	Basic service delivery and infrastructure development	20 lightning conductors to be installed in the year ending June 2022	0	1.3.4.2 Number of lightning conductors installed	x20		28			Report and invoice	Achieved
Infrastructure and Planning	Basic service delivery and infrastructure	2 Reviewed and updated contingency plan for 2021/22 financial year	0	1.3.4.3 Number of Reviewed and updated contingency plan for	x2	-	2			Plan and council resolution	Achieved

Development	development								2021/22 financial year										
Infrastructure and Planning Development	Basic service delivery and infrastructure development	8	Disaster Management trainings & awareness campaigns conducted in 2021/22	0	1.3.4.4 Number of Disaster Management trainings & awareness campaigns conducted	x8	-	-	8	-	-	-	-	-	-	-	-	Report and attendance register	Achieved
Infrastructure and Planning Development	Basic service delivery and infrastructure development	1	Review & Update Disaster Management Sector Plan in the year ending in June 2022	0	1.3.4.5 Review & Update Disaster Management Sector Plan	x1	-	-	1	-	-	-	-	-	-	-	-	Council resolution and plan	Achieved
Infrastructure and Planning Development	Basic service delivery and infrastructure development	1	Monitoring of construction of Disaster Management Centre	0	1.3.4.6 Monitor construction of Disaster Management Centre	x1	-	-	1	-	-	-	-	-	-	-	-	Report	Achieved

KEY PERFORMANCE AREA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

DEPARTMENT	KEY PERFORMANCE AREA	PROJECT	BASELINE	KEY MEASURABLE PERFORMANCE INDICATOR	ANNUAL TARGET 2021/22	BUDGET	AMMENDED (MID-YEAR) ANNUAL TARGET 2021/22	ANNUAL ACTUAL ACHIEVEMENTS 2021/22	TOTAL EXPENDITURE	MEANS OF VERIFICATION	ACHIEVED /NOT ACHIEVED	CORRECTIVE ACTION FOR TARGET NOT MET/REMARKS
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Objective:

Corporate services	Municipal institutional development and transformation	Review and adoption of 5 polices	5	2.1.1.1 Number of adopted reviewed and new policies developed	5	-		5		Council resolution	Achieved	
Corporate services	Municipal institutional development and transformation	Review and adoption of the organisational structure for 2022/23 financial year	1	2.1.2.1 Number of adopted reviewed Organogram	1	-		1		Council resolution	Achieved	

Corporate services	Municipal institutional development and transformation	Sitting of Local Labour Forum	4	2.1.2.2 Number of LLF meetings conducted	4	-		3	Minutes and attendance register	Not achieved	Council delayed to appoint employers representatives as per Main Collective Agreement in Q3
Corporate services	Municipal institutional development and transformation	Review of a Workplace Skills Plan (WSP) for 2022/23 Financial Year	1	2.1.3.1 Number of approved Workplace Skills Plan submitted to LG SETA	1	-		1	Acknowledgment letter from LG SETA	Achieved	
Corporate services	Municipal institutional development and transformation	Provision of Training for Councilors and officials	16	2.1.3.2 Number of Officials & councilor's trained	30	-		30	Attendance register	Achieved	
Corporate services	Municipal institutional development and transformation	Compile and employment equity report in the year ended 2022	1	2.1.3.3 Number of employment equity report compiled	1	-		1	Acknowledgment letter from Labour and Employment	Achieved	

Corporate services	Municipal institutional development and transformation	Provision of tools of trade for councillors	0	2.1.5.1 Number of tools of trade procured for Councillors	11				11	Deliver note	Achieved	
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KEY PERFORMANCE AREA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (SOUND FINANCIAL MANAGEMENT)

DEPARTMENT	KEY PERFORMANCE AREA	PROJECT	BASELINE	KEY MEASURABLE PERFORMANCE INDICATOR	ANNUAL TARGET 2021/22	BUDGET	AMMENDMENT (MID-YEAR) ANNUAL TARGET 2021/22	ANNUAL ACTUAL ACHIEVEMENT 2021/22	TOTAL BUDGET EXPENDITURE	MEANS OF VERIFICATION	ACHIEVED/NOT ACHIEVED	CORRECTIVE ACTION FOR TARGET NOT MET/REMARKS
Objective:												
Budget & Treasury	Municipal financial viability and management (sound financial management)	1 Annual Financial Statements prepared and submitted to Auditor General in the year ended June 2022		13.1.1.1 Number of audit action plan developed and adopted on Good Governance		-		1		Proof of submission AG	Achieved	

Budget & Treasury	Municipal financial viability and management (sound financial management)	1 Draft and Final Budgets prepared; tabled to Council and Submitted to Treasury in the year ended June 2022	13.1.2.1 Number of municipal draft annual budget adopted	-		1	Council resolution	Achieved	
Budget & Treasury	Municipal financial viability and management (sound financial management)	1 Adjustment budget reviewed, adopted by Council and submitted to Treasury in the year ended June 2022.	13.1.2.2 Number of municipal adjustment budget adopted	-		1	Council resolution	Achieved	

Budget & Treasury	Municipal financial viability and management (sound financial management)	12 Investment reconciliation prepared in the year ended June 2022				3.1.3.1 Number of monthly investments reconciliation	-	12 -	Signed investment register	Achieved
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 Grant reconciliation to be prepared in the year ended 2022				3.1.3.2 Number of grant reconciliation	-	12 -	Signed copies of grant reconciliation	Achieved
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 creditors reconciliation prepared in the 2022 Year end				3.1.3.3 Number of creditors reconciliation	-	12 -	Signed copies of creditors reconciliation	Achieved

Budget & Treasury	Municipal financial viability and management (sound financial management)	12 Valuation roll reconciliation to be prepared in the year ended 2022	3.1.4.1 Number of monthly valuation roll reconciliation	-	-	12 -	Signed copies of valuation roll	Achieved	
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 Debtors reconciliation to be prepared in the year ended 2022	12.3.1.4.2 Number of monthly debtors reconciliation	-	-	12 -	Signed copies of debtors reconciliation	Achieved	

Budget & Treasury	Municipal financial viability and management (sound financial management)	12	Supply Chain Management reports submitted to the Mayor; Cogta and Provincial Treasury in the year ended June 2022	3.1.5.1 Number of monthly and quarterly Supply Chain processes reports	12	-	-	Copies of SCM reports	Achieved
Budget & Treasury	Municipal financial viability and management (sound financial management)	1	Procurement Plans prepared and submitted in the 2021/22 Financial year	3.1.5.2 Number of adopted and updated SCM framework	1	-	-	Proof of submission and signed procurement plan	Achieved

Budget & Treasury	Municipal financial viability and management (sound financial management)	4 times the Contract register is reviewed and updated in the 2022 Financial Year	4.3.1.5.3 Number of contract register reviewed and updated	-	1 -	Signed copies of contract register	Not achieved	One reviewed in quarter 4
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 schedule (S71) Reports prepared and submitted to Mayor and Provincial Treasury in the year ended June 2022	3.1.6.1 Number of monthly Section 71 reports compiled	-	12 -	Proof of submission (email) and report	Achieved	

Budget & Treasury	Municipal financial viability and management (sound financial management)	1 section 721 reports completed and submitted to council in the year ended June 2022	3.1.6.2 Number of quarterly financial reports adopted by Council	-			1 -	Council resolution	Achieved
Budget & Treasury	Municipal financial viability and management (sound financial management)	4 section 524 reports prepared and submitted to council in the year ended June 2022	3.1.6.3 Number of annual financial reports	-			4 -	Proof of submission (email) and report	Achieved
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 VAT returns submitted to SARS in the year ended June 2022	123.1.6.4 Number of VAT returns submitted to SARS	-			12 -	VAT 201 statements	Achieved

Budget & Treasury	Municipal financial viability and management (sound financial management)	12 Assets Reconciliation prepared in the year ended 2022	3.1.6.5 Number of assets reconciliation	12	-	Signed copies of assets reconciliation	Achieved	
Budget & Treasury	Municipal financial viability and management (sound financial management)	12 Bank reconciliation prepared in the year ended 2022	3.1.6.6 Number of monthly bank reconciliation	12	--	Signed copies of reconciliation	Achieved	

KEY PERFORMANCE AREA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (PUTTING PEOPLE FIRST)

DEPARTMENT	KEY PERFORMANCE AREA	PROJECT	BASELINE	KEY MEASURABLE PERFORMANCE INDICATOR	ANNUAL TARGET 2021/22	BUDGET	AMMENDED (MID-YEAR) ANNUAL TARGET 2021/22	ANNUAL ACTUAL ACHIEVED MET 2021/22	TOTAL BUDGET EXPENDITURE	MEANS OF VERIFICATION	ACHIEVED/NOT ACHIEVED	CORRECTIVE ACTION FOR TARGET NOT MET/REMARKS
Objective:												
Corporate & Community Services	Good governance and public participation (putting people first)	24 Public meetings conducted during 2021/2022	24	4.1.1.1 Number of public consultation meetings conducted (per ward)	x24			18		Minutes and attended register	Not achieved	Awaiting for elections for ward committee members in quarter 2
Corporate & Community Services	Good governance and public participation (putting people first)	3.2 Fresh Produce feasibility study completed	0	4.1.1.2 Number of Izimbizo meeting conducted	x6			6		Attendance register	Achieved	

Corporate & Community Services	Good governance and public participation (putting people first)	72 ward committee meetings held during end of 2021/22	72	4.1.1.3 Number of quarterly meetings reports per ward (ward committee)	x72			18	Minutes and register	Not achieved	Awaiting for elections for ward committee members in quarter 2
Corporate & Community Services	Good governance and public participation (putting people first)	4 Local Task Team (OSS) Meetings held during 2021/2021	0	4.1.1.4 Ensure the functionality of the youth council.	x4		x2 Number of Local Task Team meetings held	2	Quarterly report	Achieved	
Office of the municipal manager	Good governance and public participation (putting people first)	2 IDP RF meetings conducted in the financial year 2021/22	2	4.1.1.5 Number of the IDP RF functionality.	x2			2	Attendance register	Achieved	

Office of the municipal manager	Good governance and public participation (putting people first)	4 radio interviews conducted by the Executive Municipality in the end of 2021/22 Financial Year	4	4.1.2.1 Number of radio slots conducted	x4	4	Podcast and signed invoice	Achieved	
Office of the municipal manager	Good governance and public participation (putting people first)	4 news letters published in the 2021/22 financial year	0	4.1.2.2 Number of newsletters published	x4	2	Copy of newsletter	Not achieved	The municipality is considering to review this target to 2 in the next FY
Office of the municipal manager	Good governance and public participation (putting people first)	18 banners procured in the 2021/22 financial year	0	4.1.2.3(1) Number of marketing material procured (banners)	x18	18	Invoice	Achieved	

			10 000 Calendars procured in the 2021/22 financial year	0		4.1.2.3(2) Number of marketing material procured (calendars & diaries)	10 000 calendars & 200 diaries			Invoice	Achieved
Office of the municipal manager	Good governance and public participation (putting people first)	121 Political bears wall pictures in the year ended 30 June 2022	0		4.1.2.4 Number of photography services conducted	x121	121			Invoice	Achieved
Office of the municipal manager	Good governance and public participation (putting people first)	1 prepared, adopted and submitted IDP 2022/23 Financial Year	2021/22 IDP		4.1.3.1 Number of prepared, adopted and submitted IDP	Review and adopt 1 2022/23 draft IDP	1			Council resolution	Achieved

Office of the municipal manager	Good governance and public participation (putting people first)	1 Prepared, adopted and submitted IDP& Budget Process Plan for 2022/23 Financial Year	1							4.1.3.2 Number of prepared, adopted and submitted IDP& Budget Process Plan	x1				1	Council resolution	Achieved
Office of the municipal manager	Good governance and public participation (putting people first)	1 Annual Performance Reports prepared and submitted to AG and relative authorities	1							4.1.3.3 Number of Annual Performance Reports prepared and submitted to AG and relative authorities	x1				1	Council resolution	Achieved

Office of the municipal manager	Good governance and public participation (putting people first)	1 reviewed and adopted performance management system	1	4.1.3.4 Number of reviewed and adopted performance management system	x1	1	Council resolution	Achieved
Corporate & Community Services	Good governance and public participation (putting people first)	1 Oversight reports prepared and submitted to MPAC for the Year ended June 2022	1	4.1.3.5 Number of oversight reports prepared and submitted to MPAC	x1	1	Council resolution	Achieved
	Good governance and public participation (putting people first)	2 Quarterly performance reports adopted by the council in the 2021/22 financial year	0	4.1.3.6 Number of adopted quarterly Performance Reports by the Council	x2	2	Council resolution	Achieved

Corporate & Community Services	Good governance and public participation (putting people first)	12 Management committee meetings held in the 2021/22 Financial Year	12	4.1.4.1 Number of legislated council meetings seated	x12		4	4	Minutes and attendance register	Achieved
Office of the municipal manager	Good governance and public participation (putting people first)	4 Audit committee meetings Held in the end of 2021/22 Financial Year	4	4.1.4.2 Number of audit committee quarterly meetings	x4		4		Minutes and attendance register	Achieved
Office of the municipal manager	Good governance and public participation (putting people first)	4 Risk Management Meetings held in the 2021/22 Financial Year	4	4.1.4.3 Number of risk management meetings conducted	x4		1		Minutes and attendance register	Not achieved

The non-convening of MANCO meetings affected the seating of Risk Committee in quarter 1 and 2

Office of the municipal manager	Good governance and public participation (putting people first)	1 conduct Annual Risk Assessment & Annual Fraud Risk Assessment for 2022/23	1	4.1.4.4 Number of Annual Risk Assessment & Annual Fraud Risk Assessment conducted				1	Register and minutes	Achieved
Office of the municipal manager	Good governance and public participation (putting people first)	12 Internal audit reports generated in the year ending June 2022	12	4.1.4.5 Number of internal audit report generated.	x12			12	Extract of report	Achieved
Office of the municipal manager	Good governance and public participation (putting people first)	1 internal Audit Charter approved by Audit Committee in the Year 2021/22 Financial Year	1	4.1.4.6 Number of internal audit charter approved by audit committee	x1			1	Audit committee resolution approving the charter	Achieved

Office of the municipal manager	Good governance and public participation (putting people first)	1 Audit Committee Charter reviewed and approved by Council in the 2021/22 Financial Year	1	4.1.4.7 Number of audit committee charter reviewed and approved by council	x1	1	1	Council resolution	Achieved
Office of the municipal manager	Good governance and public participation (putting people first)	4 audit committee reports tabled to Council for the year ended 30 June 2022	4	4.1.4.8 Number of audit committee reports tabled to council	x4	1	1	Council resolution and minutes	Not achieved
Office of the municipal manager	Good governance and public participation (putting people first)	1 internal Audit Annual Plan developed for 2021/22 Financial Year	1	4.1.4.9 Number of internal audit annual plan developed	x1	1	1	Audit committee resolution	Achieved

The Audit Committee had challenges with participating in Council during quarter 2 and 2, due to Council instability.

Office of the municipal manager	Good governance and public participation (putting people first)	1 action plans prepared on Audit findings and submitted to Municipal Manager in 2021/22 Financial year	1	4.1.4.10 Number of action plans prepared on audit findings and submitted to municipal manager	x1	1	Action plan	Achieved
Office of the municipal manager	Good governance and public participation (putting people first)	4 quarterly update of risk register generated for 2021/22 Financial Year	4	4.1.4.11 Number of quarterly update for risk register conducted	x4	1	Extract of the report and minutes	Not achieved The non-convincing of MANCO meetings affected the seating of Risk Committee in quarter 1 and 2

Office of the municipal manager	Good governance and public participation (putting people first)	12 Legislated MANCO meetings seated	4.1.4.12 Number of legislated MANCO meetings seated	x12			12		Extract of minutes & attendance register	Achieved
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KEY PERFORMANCE AREA 5: LOCAL ECONOMIC AND SOCIAL DEVELOPMENT (SERVICE DELIVERY)

DEPARTMENT	KEY PERFORMANCE AREA	PROJECT	BASELINE	KEY MEASURABLE PERFORMANCE INDICATOR	ANNUAL TARGET 2021/22	BUDGET	AMMENDED (MID-YEAR) ANNUAL TARGET 2021/22	ANNUAL ACTUAL ACHIEVEMENT 2021/22	TOTAL BUDGET EXPENDITURE	MEANS OF VERIFICATION	ACHIEVED/NOT ACHIEVED	CORRECTIVE ACTION FOR TARGET NOT MET/REMARKS
Objective:												
Corporate & Community Services	Local Economic Development (service delivery)	4 vulnerable groups forums meetings / workshops in the 2021/22 financial year	4	5.1.1.1 Number of tasks/functions for vulnerable groups implemented	x4	-	x4 Number of meetings/workshop forums of vulnerable groups implemented	4	-	Minutes and register	Achieved	

Corporate & Community Services	Local Economic Development (service delivery)	8 Special Programmes conducted	x7	5.1.1.2 Number of special programmes coordinated to empower the vulnerable groups	x8	-	8	-	Report and register	Achieved
Corporate & Community Services	Local Economic Development (service delivery)	4 book exchange Programmes in the 2021/22 Financial Year	4	5.2.1.1 Number of book exchange programmes	x4	-	3	--	Quarterly report	Not achieved
Corporate & Community Services	Local Economic Development (service delivery)	4 library orientation and outreach programmes held during 2021/22 Financial Year	4	5.2.1.2 Number of library orientation and outreach programmes	x4	-	4	-	Minutes and register	Achieved
Corporate & Community Services	Local Economic Development (service delivery)	8 road blocks conducted in the 2021/22 Financial Year	12	5.4.3.1 Number of road blocks conducted	x8	-	8	-	Quarterly report	Achieved

10.3 ASSESSMENTS OF EXTERNAL SERVICE PROVIDERS 2022/2023 FINANCIAL YEAR

Assessment Key	
Good (G)	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
Satisfactory (S)	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
Poor (P)	The service has been provided below acceptable standards

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2020/21		Current Financial Year 2021/22		Assessment of Service Providers Performance			
					Target	Actual	Target	Actual	G	S	P	
MN13/2011	Calmesa Consulting Group PTY LTD	01/05/2015	System support	R640 089.96	N/A	N/A	Provide monthly support of Financial System	Achieved				X
MN8/2016-2017	Umhlaba Geomatics Inc.	12/06/2017	Compile and maintenance Of valuation roll	R 970 000. 00	Development of valuation Roll	Achieved	Development of valuation Roll	achieved	x			
MN11-2018/19	CCG systems (Pty)Ltd	06/06/2019	Immovable assets verification for 3 years	2 034 472.00	Immovable assets verification for 3 years	Achieved	Immovable assets verification for 3 years	Partially achieved				X
MN06/2018-19	Xtec Pmb (Pty)Ltd	28/01/2019	Supply and maintenance of printer machines	R 215 280.00	Supply and maintenance of printer machines	Achieved	Supply and maintenance of printer machines	Partially achieved		X		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2020/21		Current Financial Year 2021/22		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
Regulation 32	FBL enterprise	12/08/2019	Security services	R 16 881 647.08	Security services and provision for bodyguards and vehicle hiring for mayor & speaker.	Achieved	Partially achieved			X	
	Double Action Security & training Academy	24/11/2021	Car Rental & Security Services for Mayor & Speaker	R719 601.59			Achieved	Car Rental & Security Services for Mayor & Speaker	x		
MN13-2018/19	Lionel Agricultural Projects & Investments	12/08/2019	Panel for supply and delivery of electrical consumables for 3 years	R 672 601.59	Supply and delivery of electrical consumables	Achieved	Achieved			X	
MN13-2018/19	Niksa Industries CC	12/08/2019	Panel for supply and delivery of electrical consumables for 3 years	R 29341.00	Supply and delivery of electrical consumables	A Partially Achieved	Partially Achieved	Supply and delivery of electrical consumables			X

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2020/21		Current Financial Year 2021/22		Assessment of Service Providers Performance			
					Target	Actual	Target	Actual	G	S	P	
MN13-2018/19	Neveah Management Services CC	12/08/2019	Panel for supply and delivery of electrical consumables for 3 years	R 1264.00	Supply and delivery of electrical consumables	Partially Achieved	Supply and delivery of electrical consumables	- Partially Achieved				X
MN13-2018/19	Veez Micro Enterprise (Pty)Ltd	12/08/2019	Panel for supply and delivery of electrical consumables for 3 years	R 280 104.94	supply and delivery of electrical consumables	Partially Achieved	supply and delivery of electrical consumables	Partially Achieved				X
MN12-2018/19	Banking services for a period of 5 years	10/09/2019	First National Bank	-	Banking Services	Achieved	Banking Services	Achieved	X			
	Payday		Payroll and HR module software system	-R320 488.39	Payroll and HR module software system	Achieved	Payroll and HR module software system	Achieved	X			
	Steiner hygiene		She bin elite and toilet roll holder	-							X	

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2020/21		Current Financial Year 2021/22		Assessment of Service Providers Performance			
					Target	Actual	Target	Actual	G	S	P	
MN20/2018-19	Mdledle Inc	24/12/2019	Legal services	R116 711.58	Legal services		Legal services	Achieved				
MN09/2018-19 (TURNKEY)	Afrilectrical Consulting Engineers		Engineering services on electrification programme on turnkey contract: Emadlangeni Chanceni Luthilunye Nzimane Kwa Lembe	R3 489 539.03	Engineering services on electrification programme on turnkey contract: Emadlangeni Chanceni Luthilunye Nzimane Kwa Lembe	Achieved	Engineering services on electrification programme on turnkey contract: Emadlangeni Chanceni Luthilunye Nzimane Kwa Lembe	Achieved	X			
MN09/2018-19 (TURNKEY)	Igoda projects (Pty)Ltd		"Engineering services on electrification programme on turnkey contract: Kaarport Kwantaba, Zimbuthu & Blue mountain, Waaihoek)"	R3 974 039.41	"Engineering services on electrification programme on turnkey contract: Kaarport Kwantaba, Zimbuthu & Blue mountain, Waaihoek)"	Achieved	"Engineering services on electrification programme on turnkey contract: Kaarport Kwantaba, Zimbuthu & Blue mountain, Waaihoek)"	Achieved	X			

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2020/21		Current Financial Year 2021/22		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
MN22/2018 - 19	Goli Group (Pty) Ltd	02/12/2019	Supply and delivery of employee uniforms for a period of 3 years	R 268 402,60 1st year	x	x	Supply of employee uniform	Achieved	X		
Regulation 32	Gutakura trading (Pty)Ltd		Construction of electrification services: Jiyane Nhlazadolo Esitelenga phase 1 Esitelenga phase 2 Ndwakazane Electrification	R2 957 300.18	Construction of electrification services: Jiyane Nhlazadolo Esitelenga phase 1 Esitelenga phase 2	Achieved	Construction of electrification services: Jiyane Nhlazadolo Esitelenga phase 1 Esitelenga phase 2 Ndwakazane Electrification Kaarport	Achieved	X		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2020/21		Current Financial Year 2021/22		Assessment of Service Providers Performance			
					Target	Actual	Target	Actual	G	S	P	
MN09/2018-19	NWS consulting engineering (Pty) Ltd		Kaarport Kwa Ntaba Wit Umfolozi	R815 224.18	Ndwakazane Electrification Kaarport Kwa Ntaba Wit Umfolozi		Kwa Ntaba Wit Umfolozi			G	S	P
MN07/2020-21	Lemalwa trading (Pty) Ltd	14/02/2022	Upgrading of Kerk street phase 2	R 4 149 465,61	"Consulting engineering services: Jiyane Nhlanzadolo Esitelenga phase 1 Kaarport Kwa Ntaba Wit Umfolozi	Achieved	Consulting engineering services: Jiyane Nhlanzadolo Esitelenga phase 1 Kaarport Kwa Ntaba Wit Umfolozi	Achieved		X		
						x			Upgrading of Kerk street phase 2	Achieved	X	

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2020/21		Current Financial Year 2021/22		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
MN08-2020/21	Afi consult (Pty)ltd		Consulting engineering services for upgrading of Kerk street phase 2	7,5% of ECESA rate of the awarded project value and excludes disbursements	7,5% of ECESA rate of the awarded project value and excludes disbursement S	achieved	7,5% of ECESA rate of the awarded project value and excludes disbursements	achieved	X		
MN08-2020/21	Afi consult (Pty)ltd		Consulting engineering services for upgrading of Loop street phase 1	7,5% of ECESA rate of the awarded project value and excludes disbursements	7,5% of ECESA rate of the awarded project value and excludes disbursement S	Achieved	7,5% of ECESA rate of the awarded project value and excludes disbursements	achieved	X		
MN04/2021-22	Lateral unison insurance brokers (Pty)ltd	31/05/2022	Provision of short term insurance for a period of 3 years	" R 999 957,00 1st year 2nd and 3rd year as per pricing schedule in bid documents "	Provision of short term insurance for a period of 3 years	Achieved	Provision of short term insurance for a period of 3 years	Achieved	X		
MN03/2021-22	Konica Minolta South Africa	31/05/2022	Leasing of printers for a period of 3 years	" R 15 991,47 per month and following charges for copies:	x	x	Leasing of printers for a period of 3 years	Achieved	X		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2020/21		Current Financial Year 2021/22		Assessment of Service Providers Performance			
					Target	Actual	Target	Actual	G	S	P	
				7,90 cents per a4 copy (monochrome) 51,99 cents per a4 copy (all colours) "								

CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A

EMadlangeni Local Municipality consists of 150 staff members whom are within Four departments namely; Office of the Municipal Manager; Planning and Infrastructure, Corporate Services as well as Budget and Treasury. Due to lack of Human Resource policies to retain staff; the municipality experience the high rate of staff turnover and this has given a negative impact to the institution. Therefore, it can be stated that the municipality is unstable as it employs different people for one position as people move to greener pastures for better life condition.

4.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The Municipal Systems Act clarifies several issues relating to municipal powers, functions and duties. A municipality has all the functions and powers assigned to it in terms of the Constitution. It also has the right to do anything reasonably necessary for, or incidental to the effective performance of its functions and the exercise of its powers. National and provincial government assigns additional functions and powers to local government, which are best, exercised at a local level and this helps to ensure that the three spheres of government work in a coordinated way. In terms of the Municipal Structures Act as well as the Constitution (1996), specific powers and functions are assigned to District and Local municipalities respectively. EMadlangeni Local Municipality is performing the powers assigned to it in terms of legislation as deemed necessary at this stage. The following are the services that the municipality provides within its area of jurisdiction:

- EMadlangeni Local Municipality provides electricity within ward 2 which is set out to be a town of Utrecht, the Council adopted its indigent policy/register in 2022/23 financial year to ensure the provision of free service such as electricity to the deserving households.

- In terms of refuse removal, the municipality collect waste within town twice a week in 1 300 households, this forms part of the municipal revenue as the rates are paid to the municipal accounts for this service.

Housing,

GOEDEHOOP HOUSING PROJECT

The project is at stage two internal reticulations and progressing accordingly. The implementing agent has started with the application of phase 3 top structure with the Department of Human Settlement.

APPENDICES DESCRIPTION

Appendix A: Councillors; Committee Allocation

Council Member	Ward and party represented	Status quo in 2021/22	Replacement
Cllr SM Khoza	Ward 5 IFP		
Cllr N Nkosi	Ward 4 ANC		
Cllr NM Dekker	Ward 2 DA		
Cllr PX Qwabe	Ward 3 IFP		
Cllr MJ Mthethwa	Ward 6 IFP		
Cllr KV Sibisi	Ward 1 ANC		
Cllr TM Masondo	PR EFF	Expelled by Party 2022	Yes, by Cllr M.R Khumalo
Cllr VC Ndlovu	PR ANC		
Cllr ML Buthelezi	PR IFP		
Cllr N Madida	PR IFP		
Cllr PF Chongo	PR IFP		

Appendix B: Committee and Committee Purpose
Portfolio Committees

BUDGET, TREASURY & CORPORATE SERVICES PORTFOLIO COMMITTEE		
COUNCILLORS NAME	DESIGNATION	PURPOSE OF THE COMMITTEE
1. Cllr ML Buthelezi	Chairperson	<ul style="list-style-type: none"> • Administering the capital and operational budgets of the Municipal Council; • Encouraging the involvement of the community of the municipality and its community organisations and institutions in the matters of the municipality; • Ensuring that the governmental discretions exercised by the municipality are democratic, consistent and accountable; and Administering Council's assets • The leasing, letting, hiring and alienation of the goods and intellectual property of the municipality in accordance with a system which is fair, equitable, transparent, competitive and cost-effective. • Implementing and maintaining an effective
2. Cllr PF Chongo	Member	
3. Cllr N Dekker	Member	
4. Cllr VC Ndlovu	Member	
5. Cllr NA Madida	Member	
6. Cllr MJ Mthethwa	Member	
7. Cllr MR Khumalo	Member	
8. Inkosi ZG Mabaso	Member	

		<p>and efficient information technology system, catering for all the needs of the municipality.</p> <ul style="list-style-type: none"> • Obtaining proper legal services for the municipality. • Providing adequate, effective and efficient secretarial, agenda and minuting services to the municipal council and its committees. • Implementation and maintenance of an approved records system. • Carrying out sport and recreation programmes with the municipality. • Providing adequate, effective and efficient Human Resources and Management service and; • That the values and principles set out in Section 195 of the Constitution are promoted throughout the municipal administration • Administration of ward committee with the municipality;
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		<ul style="list-style-type: none"> • Overseeing certain municipal library services • To pay attention to Operation Sukuma Sakhe to the entire municipality •
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INFRASTRUCTURE AND PLANNING DEVELOPMENT PORTFOLIO COMMITTEE		
COUNCILLORS NAME	DESIGNATION	PURPOSE OF THE COMMITTEE
1. Cllr FP Chongo	Chairperson	Advising on legislation and service delivery mechanisms, which are within the financial
2. Cllr N Dekker	Member	
3. Cllr MR Khumalo	Member	
4. Cllr SM Khoza	Member	Overseeing the delivery of certain municipal services and facilities; and projects
5. Cllr N Nkosi	Member	
6. Cllr KV Sibisi	Member	
7. Inkosi ZG Mabaso	Member	
		Ensuring, subject to any policy that the Municipal Council may determine in

	<p>terms of any National and Provincial Legislation made in terms of section 217 (3) of the Constitution prior to the date referred to in Item 21 (4) of Schedule 6 to the Constitution, that when the municipality contracts for goods and services, it does so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.</p> <p>The goal of the of Development Planning and Local Economic Development is to provide strategic direction to the municipality with regards to development issues and to ensure that the municipality's vision and strategies are achieved in the fields of development planning and operations.</p> <p>Provide spatial and development plans, and the management thereof within the context of the <u>Integrated Development Plan</u>.</p> <p>Facilitate and manage the development and ongoing enhancement of strategy, policies and processes pertaining to city planning, land administration, housing.</p> <p>Facilitate and manage a number of interrelated spatial, housing, land and programmes.</p> <p>Formulate and implement appropriate policies and strategies to sustain rural development.</p> <p>Allocate, manage and optimize resources, and drive performance within the key focus areas of development planning and operations</p>
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		The provision of Human Settlement and Infrastructure to the community of the municipality in a sustainable manner by overseeing Human Settlements and Infrastructure development and Human settlements and Infrastructure
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MUNICIPAL PUBLIC ACCOUNTS COMMITTEE			
1. Cllr N.M Dekker	N.M	Chairperson	PURPOSE OF THE COMMITTEE To monitor good governance where there is optimal utilisation of municipal resources to enhance and sustain service delivery and financial management
2. Cllr S.M Khoza	S.M	Member	
3. Cllr P.X Qwabe	P.X	Member	
4. Cllr N.A Madida	N.A	Member	
5. Cllr N. Nkosi		Member	

LOCAL LABOUR FORUM			
COUNCILLORS NAME		DESIGNATION	PURPOSE OF THE COMMITTEE
1. Cllr. Dekker	N.M	Chairperson	<ul style="list-style-type: none"> • promote the interests of all workers • enhance workplace efficiency; • consult with the employer; and • take part in decision-making
2. Cllr. Khumalo	N.R	Member	

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APPENDIX C: Third Tier Administrative Structure

NAME	DESIGNATION
MRS G.N MAVUNDLA	Municipal Manager
MRS P.P SITHOLE	Chief Finance Officer
MRS GNZ MAPHISA	Director of Corporate Services
Mr. S.M NKWANYANA	Director Infrastructure & Planning Development

Appendix D: Powers and Functions

FUNCTION	EMADLANGENI LM	AMAJUBA DM
SCHEDULE 4		
Air pollution	Yes	No
Building regulations	Yes	No
Child care facilities	Yes	No
Electricity reticulation	Yes	No
Fire Fighting	Yes	Yes
Local tourism	Yes	No
Municipal airport	No	Yes
Municipal Planning	Yes	No
Municipal Health Services	No	Yes

Municipal public transport	Yes	No
Pontoons and ferries	Yes	No
Storm water	Yes	No
Trading regulations	Yes	No
Water (Potable)	No	Yes
Sanitation	No	Yes
SCHEDULE 5		
Amusement facilities /Beaches	Yes	No
Billboards and the display of advertisements in public places	Yes	Yes
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	Yes	No

Control of public nuisance	Yes	No
Control of undertakings that sell liquor to the public	Yes	No
Facilities for the accommodation, care and burial of animals	Yes	No
Fencing and fences	Yes	No
Licensing of dogs	Yes	No
Licensing and control of undertakings that sell food to the public	Yes	No
Local amenities	Yes	Yes
Local sport facilities	Yes	Yes
Markets	Yes	No

Municipal abattoirs	Yes	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	Yes	No
Pounds	Yes	No
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No
Municipal public works	Yes	Yes

Appendix E: Ward Reporting

Ward	Priority	Turnaround Strategy
1	<ul style="list-style-type: none"> • Water & Sanitation • Electricity • Roads 	<ul style="list-style-type: none"> • Kwanzima 138 households has been energized. • 134 connections in-progress at KwaNzima. • Roads are being maintained by the Municipal grader as and when required.
2	<ul style="list-style-type: none"> • Roads • Job opportunities • Housing 	<ul style="list-style-type: none"> • Kerk street, Phase 2 (0.4 KM) resurfaced and completed by (MIG) • Kerk street, Phase 3 (0.7 KM) resurfaced and completed by (MIG) • Loop street, (0.15 KM) resurfaced and completed by (MIG) • Young people were employed through EPWP Programme for 6 Months. • RDP still in process
3	<ul style="list-style-type: none"> • Water & Sanitation • Electricity • Roads 	<ul style="list-style-type: none"> • Amajuba District is the water supplier. • Roads are being maintained by the Municipal grader as and when required. • 08 connections at Stilenga in • Jiyane 10 households has been energized. • 14 connections at Ndwakazane

4	<ul style="list-style-type: none"> • Water & Sanitation • Electricity • Roads 	<ul style="list-style-type: none"> • Amajuba District is the water supplier. • Roads are being maintained by the Municipal grader as and when required. • 25 connections in progress Kwantaba • 15 connections in progress Kaarpoort
5	<ul style="list-style-type: none"> • Water & Sanitation • Electricity • Roads 	<ul style="list-style-type: none"> • 17 households has been energized at Emadlangeni <ul style="list-style-type: none"> • Chanceni and Emadlangeni connections are awaiting for Eskom Designs • Roads are being maintained by the Municipal grader as and when required.
6	<ul style="list-style-type: none"> • Electricity • Roads 	<ul style="list-style-type: none"> • Connections completed in Nhlazadolo <ul style="list-style-type: none"> • 171Connections completed in Wit-Mfolozi, • Roads are being maintained by the Municipal grader as and when required.
Crèches	<ul style="list-style-type: none"> • Shortage of crèches 	<ul style="list-style-type: none"> • To build sustainable crèche
Schools	<ul style="list-style-type: none"> • Shortage of scholar transport • Increase number in teenage pregnancy • Shortage of classrooms and educators 	<ul style="list-style-type: none"> • To liaise with Department of Transport in partnership with DOE • Conduct awareness campaigns in schools on family planning and unprotected sex.
Sanitation	<ul style="list-style-type: none"> • Lack of sanitation services 	<ul style="list-style-type: none"> • The project of installing VIP Toilets has been completed in Ward 1 (KwaLembe) and in Ward 5 (Vaalbank).

<p>Clinics</p>	<ul style="list-style-type: none"> • Shortage of clinics • Shortage of community care givers 	<ul style="list-style-type: none"> • Clinics cannot be built in an area with a population of less than 10 000 people, therefore health services will be provided through mobile clinics and the school health team visits schools for screening and other health related campaigns.
<p>Disaster</p>	<ul style="list-style-type: none"> • Shortage of lightning conductors 	<ul style="list-style-type: none"> • 40 Lightning conductors have been installed in 3 wards that have been affected by lightning. lightning conductors were installed by PMDC and Amajuba District due to budget constrains in the Municipality.
<p>Libraries</p>	<ul style="list-style-type: none"> • Shortage of libraries 	<ul style="list-style-type: none"> • Departement of Art and Culture constructed a Library in Ward 05 Izimbuthu. • Transnet denoted with 4 mobile libraries (cupboards) to 4 schools within the ELM.

- **CONCLUSION**

Out of the 87 Key Performance Indicators (KPIs) listed on the annual SDBIP 2022/23 Financial year, 11 were not met, and 76 were met. The average achievement for 2022/23 Financial year is at 87%. The municipality improved by 5% since the previous financial year.

KPI Not Met	11
KPI met	76
Total	87



Emadlangeni Local Municipality
Annual Financial Statements
for the year ended 30 June 2023

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

Legal form of entity	Local Municipality KZN 253 Governed by MFMA
Nature of business and principal activities	The main business of the municipality is to structure and manage the administration, budgeting and planning process to give priority to basic needs of the community and to promote the social and economic development of the community. The main type of services rendered by the municipality includes the provision of electricity and water, collection, purifying and disposal of waste water and the construction and maintenance of roads and provision of parks, sport and recreation facilities.
Councillors	
Mayor	ML Buthelezi
Deputy Mayor	PF Chongo
Member	PX Qwabe (Speaker)
Councillors	NM Dekker (MPAC Chairperson) MR Khumalo (Whip) VC Ndlovu (EXCO Member) SM Khoza N Nkosi NA Madida PX Qwabe SV Sibisi
Grading of local authority	Grade 1
Accounting Officer	G.N Mavundla
Chief Finance Officer (CFO)	PP. Sithole
Registered office	34 Voor Street Utrecht Kwa Zulu Natal 2980
Postal address	P.O. Box 11 Utrecht Kwa Zulu Natal 2980
Bankers	Standard Bank First National Bank
Auditors	Auditor General of South Africa
Attorneys	Mdledle Incorporated

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
VAT	Value Added Tax
EPWP	Expanded Public Works Programme
INEP	Integrated National Electrification Programme

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

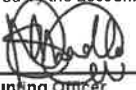
The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, she is supported by the municipality's external auditors.

The annual financial statements set out on page 6 to 71, which have been prepared on the going concern basis, were approved by the accounting officer 31 August 2023 and were signed on its behalf by:



Accounting Officer
G.N Mavundia

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2023.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 4 meetings were held.

Name of member	Number of meetings attended
Buhle Dlamini (Chairperson)	4
Adv Jabulani Mhlongo	4
Ms Thandeka Ndlovu	4
Mr Velaphi M Kubeka (joined during the 2023 year)	2

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management still require some attention/improvement to ensure that they are efficient, effective and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the accounting officer of the municipality during the year under review.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Chairperson of the Audit Committee

Date: _____

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2023.

1. Review of activities

Main business and operations

2. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 88 893 983 and the municipality's total liabilities does not exceed its total assets.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Standards Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
G. Mavundla	South African

The annual financial statements set out on page 6 to 66 which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:



Accounting Officer
G.N Mavundla

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Other financial assets	8	-	451 111
Receivables from exchange transactions	11&14	2 410 410	3 036 793
Receivables from non-exchange transactions	12&14	10 180 935	8 894 718
VAT receivable	13	1 825 920	5 476 471
Prepayments	10	148 654	406 866
Cash and cash equivalents	15	2 924 181	2 956 639
		17 490 100	21 222 598
Non-Current Assets			
Biological assets that form part of an agricultural activity	3	4 349 646	4 268 701
Investment property	4	34 581 830	34 832 328
Property, plant and equipment	5	102 190 757	109 349 756
Intangible assets	6	53 978	214 717
Heritage assets	7	1 190 581	1 190 581
		142 366 792	149 856 083
Total Assets		159 856 892	171 078 681
Liabilities			
Current Liabilities			
Other financial liabilities	17	-	116 567
Payables from exchange transactions	19	32 234 675	29 345 187
Payables from non-exchange transactions	20	2 346 953	1 641 939
Consumer deposits	21	175 492	172 927
Employee benefit obligation	9	1 386 495	1 089 685
Unspent conditional grants and receipts	16	5 916 910	1 278 425
		42 060 525	33 644 730
Non-Current Liabilities			
Other financial liabilities	17	-	199 535
Employee benefit obligation	9	2 982 000	2 718 000
Provisions	18	25 920 384	21 092 162
		28 902 384	24 009 697
Total Liabilities		70 962 909	57 654 427
Net Assets		88 893 983	113 424 254
Accumulated surplus		88 893 983	113 424 254

* See Note 49

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods	23	353 067	317 144
Service charges	24	16 055 778	17 575 999
Construction contracts	31	13 823 856	7 022 223
Operational revenue	25	5 637	71 881
Rental of facilities and equipment	27	1 406 984	1 099 119
Interest received - investment	26	556 512	576 249
Licences and permits	29	1 790 921	1 634 509
Gain on biological assets and agricultural produce	3	1 109 492	1 408 501
Actuarial gains	9	-	466 700
Total revenue from exchange transactions		35 102 247	30 172 325
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	32	25 471 125	22 635 428
Property rates - penalties imposed	32	1 787 545	4 009 338
Transfer revenue			
Government grants and subsidies	33	53 875 515	42 518 307
Public contributions and donations	34	-	4 792 742
Fines, Penalties and Forfeits	28	688 505	226 732
Total revenue from non-exchange transactions		81 822 690	74 182 547
Total revenue	22	116 924 937	104 354 872
Expenditure			
Employee related costs	35	(46 546 998)	(40 745 527)
Remuneration of councillors	36	(4 596 854)	(3 924 880)
Depreciation and amortisation	37	(18 332 638)	(9 566 621)
Finance costs	38	(1 978 717)	(1 768 860)
Lease rentals on operating lease	30	(151 856)	(84 703)
Debt Impairment	39	(12 425 064)	(11 785 864)
Bulk purchases	40	(15 896 269)	(16 733 578)
Contracted services	41	(12 912 187)	(13 396 093)
Construction expenses	43	(13 823 856)	(10 485 649)
Actuarial losses	9	(182 000)	-
General Expenses	42	(12 996 743)	(8 994 646)
Total expenditure		(139 843 182)	(117 486 421)
Deficit for the year from continuing operations		(22 918 245)	(13 131 549)
Loss on Disposals of assets	5	(1 612 027)	-
Deficit for the year		(24 530 272)	(13 131 549)

* See Note 49

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Restated Balance at 01 July 2021	126 555 803	126 555 803
Changes in net assets		
Restated Surplus for the year	(13 131 549)	(13 131 549)
Total changes	(13 131 549)	(13 131 549)
Restated* Balance at 01 July 2022	113 424 255	113 424 255
Changes in net assets		
Surplus for the year	(24 530 272)	(24 530 272)
Total changes	(24 530 272)	(24 530 272)
Balance at 30 June 2023	88 893 983	88 893 983
Note(s)		

* See Note 49

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		47 776 307	46 047 816
Grants		58 514 000	41 465 046
Interest income		556 512	576 249
Traffic fines		688 505	226 732
Other receipts		3 556 609	3 122 653
		<u>111 091 933</u>	<u>91 438 496</u>
Payments			
Employee costs		(49 818 865)	(44 507 438)
Suppliers		(52 316 685)	(41 007 270)
Finance costs		(337 747)	(531 721)
		<u>(102 473 297)</u>	<u>(86 046 429)</u>
Net cash flows from operating activities	45	<u>8 618 636</u>	<u>5 392 067</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	<u>(8 337 557)</u>	<u>(6 676 979)</u>
Cash flows from financing activities			
Proceeds from other financial liabilities		(316 102)	(104 978)
Consumer deposits		2 565	4 775
		<u>(313 537)</u>	<u>(100 203)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(32 458)</u>	<u>(1 385 115)</u>
Cash and cash equivalents at the beginning of the year		2 956 639	4 341 754
Cash and cash equivalents at the end of the year	15	<u>2 924 181</u>	<u>2 956 639</u>

* See Note 49

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Other revenue	1 262 562	-	1 262 562	353 067	(909 495)	72%
Service charges	22 593 777	(4 960 636)	17 633 141	16 055 778	(1 577 363)	9%
Construction contracts	-	-	-	13 823 856	13 823 856	
Operational revenue	-	-	-	5 637	5 637	100%
Rental of facilities and equipment	1 028 969	-	1 028 969	1 406 984	378 015	37%
Interest received	470 977	-	470 977	556 512	85 535	18%
Licences and permits	1 616 855	-	1 616 855	1 790 921	174 066	11%
Total revenue from exchange transactions	26 973 140	(4 960 636)	22 012 504	33 992 755	11 980 251	

Revenue from non-exchange transactions

Taxation revenue

Property rates	36 874 281	(4 919 067)	31 955 214	25 471 125	(6 484 089)	20%
Property rates - penalties imposed	-	-	-	1 787 545	1 787 545	-100%

Transfer revenue

Government grants & subsidies	42 004 000	6 500 000	48 504 000	53 875 515	5 371 515	-45%
Fines, Penalties and Forfeits	6 380 164	-	6 380 164	688 505	(5 691 659)	89%
Total revenue from non-exchange transactions	85 258 445	1 580 933	86 839 378	81 822 690	(5 016 688)	

Total revenue

112 231 585 (3 379 703) 108 851 882 115 815 445 6 963 563

Expenditure

Employee Related Costs	(43 303 131)	(1 210 879)	(44 514 010)	(46 546 998)	(2 032 988)	4%
Remuneration of councillors	(4 699 682)	-	(4 699 682)	(4 596 854)	102 828	2%
Depreciation and amortisation	(9 421 518)	-	(9 421 518)	(18 332 638)	(8 911 120)	95%
Finance costs	(131 199)	(150 000)	(281 199)	(1 978 717)	(1 697 518)	604%
Lease rentals on operating lease	-	-	-	(151 856)	(151 856)	100%
Debt Impairment	(1 756 165)	-	(1 756 165)	(12 425 064)	(10 668 899)	608%
Inventory consumed	(4 147 289)	-	(4 147 289)	-	4 147 289	100%
Bulk purchases	(19 133 326)	2 000 000	(17 133 326)	(15 896 269)	1 237 057	8%
Contracted Services	(12 901 638)	(3 495 000)	(16 396 638)	(12 912 187)	3 484 451	21%
Construction Expenses	-	-	-	(13 823 856)	(13 823 856)	100%
General Expenses	(10 315 682)	643 805	(9 671 877)	(12 996 743)	(3 324 866)	36%
Total expenditure	(105 809 630)	(2 212 074)	(108 021 704)	(139 661 182)	(31 839 478)	

Operating deficit

6 421 955 (5 591 777) 830 178 (23 845 737) (24 675 915)

Gain on biological assets	-	-	-	1 109 492	1 109 492	100%
Actuarial gains/losses	-	-	-	(182 000)	(182 000)	100%
	-	-	-	927 492	927 492	

Deficit before taxation

6 421 955 (5 591 777) 830 178 (22 918 245) (23 748 423)

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	
Figures in Rand						
Deficit for the year from continuing operations	6 421 955	(5 591 777)	830 178	(22 918 245)	(23 748 423)	
Discontinued operations	-	-	-	(1 612 027)	(1 612 027)	100%
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	6 421 955	(5 591 777)	830 178	(24 530 272)	(25 360 450)	

Reasons for all variances in excess of 10% is included within note 56.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

Figures in Rand	Note(s)	2023	2022
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1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

1.5 Biological assets that form part of an agricultural activity

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the vines / pine trees.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

1.5 Biological assets that form part of an agricultural activity (continued)

An unconditional government grant related to biological assets that form part of an agricultural activity measured at its fair value less costs to sell is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on biological assets that form part of an agricultural activity where fair value cannot be determined, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property.

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Accounting Policies

1.7 Property, plant and equipment (continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	10-30 Years
Plant and machinery	Straight-line	2-10 Years
Furniture and fixtures	Straight-line	2-7 Years
Motor vehicles	Straight-line	2-8 Years
Computer software	Straight-line	2-8 Years
Infrastructure	Straight-line	2-30 Years
Community	Straight-line	2-45 Years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Accounting Policies

1.7 Property, plant and equipment (continued)

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Accounting Policies

1.8 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3-6 Years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Accounting Policies

1.9 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Accounting Policies

1.10 Financial Instruments (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of utilised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Accounting Policies

1.11 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued Interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.

Accounting Policies

1.11 Statutory receivables (continued)

- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Accounting Policies

1.12 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.13 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work. The municipality is a participant in the Integrated National Electrification Programme (INEP). Funds are received from Eskom or the Department of Mineral resources and Energy (DMRE) to construct electrification infrastructure on behalf of Eskom in Eskom designated licensing areas.

The municipality is considered to be a contractor in terms of GRAP 11.

Funds are received in advance and recognised as a liability. Qualifying INEP expenditure is recognised as construction expenses when the expenditure is incurred. Construction revenue is recognised to the extent of the expenditure incurred which is reduced by the advance funds received.

Accounting Policies

1.13 Construction contracts and receivables (continued)

Construction revenue comprises: The initial amount agreed in the Contract, and any variations to the agreement

Construction revenue is recognised when it is probable that they will result in revenue and they are capable of being measured reliably

Construction costs comprise costs that relate directly to the specific contract and costs that are attributable to the contract activity.

Any unused funds advanced to the municipality remain as a Construction liability.

Presentation

Construction revenue: disclosed as construction revenue as a separate line on the face of the statement of financial performance under revenue from exchange transactions.

Contract Costs: disclosed as construction costs as a separate line on the face of the statement of the statement of financial performance.

Contract creditor: Disclosed as a payable under payables from exchange transactions in the statement of financial position.

1.14 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Accounting Policies

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

1.16 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Accounting Policies

1.16 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 47.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.17 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

Accounting Policies

1.17 Commitments (continued)

- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Accounting Policies

1.18 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets.

Expenses are recognised when:

It is probable that the economic benefits or service potential associated with the transaction will flow out of the municipality, and

The amount of the expense can be measured reliably

Expenditure arising from Bulk purchases, contracted services and general expenses are measured at the cost of the outflow of resources from the municipality

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

Accounting Policies

1.21 Unauthorised expenditure (continued)

- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.24 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.25 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

Accounting Policies

1.25 Budget information (continued)

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.27 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
- and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand	2023	2022
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2. New standards and interpretations

2.1 Standards and Interpretations issued, but not yet effective

The municipality has not applied the following standard, which is approved but not yet effective.:

Standard/ Interpretation:

- GRAP 25 (as revised): Employee Benefits

Expected Impact:
Unlikely there will be a material impact

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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3. Biological assets that form part of an agricultural activity

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Game Park animals	4 349 646	-	4 349 646	4 268 701	-	4 268 701

Reconciliation of biological assets that form part of an agricultural activity - 2023

	Opening balance	Disposals	Gains or losses arising from changes in fair value	Total
Game Park animals	4 268 701	(1 028 547)	1 109 492	4 349 646

Reconciliation of biological assets that form part of an agricultural activity - 2022

	Opening balance	Gains or losses arising from changes in fair value	Total
Game Park animals	2 860 200	1 408 501	4 268 701

Methods and assumptions used in determining fair value

The animals in the game park are carried at fair values by comparing the available auction prices at year end.

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Emadlangeni Local Municipality

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4. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	40 222 993	(5 641 163)	34 581 830	40 222 993	(5 390 665)	34 832 328

Reconciliation of investment property - 2023

	Opening balance	Depreciation	Total
Investment property	34 832 328	(250 498)	34 581 830

Reconciliation of investment property - 2022

	Opening balance	Depreciation	Total
Investment property	35 085 335	(253 007)	34 832 328

Restrictions and Contractual obligations

No restrictions or contractual obligations exist.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Amounts recognised in surplus or deficit

Rental revenue from Investment property	1 083 383	1 089 344
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Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

5. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 796 477	-	2 796 477	2 796 477	-	2 796 477
Buildings	15 218 676	(10 215 006)	5 003 670	15 254 524	(9 752 836)	5 501 688
Plant and machinery	3 992 965	(1 837 229)	2 155 736	3 207 436	(2 038 774)	1 168 662
Furniture and fixtures	3 553 953	(2 172 813)	1 381 140	3 613 725	(2 372 778)	1 240 947
Motor vehicles	5 280 085	(3 716 722)	1 563 363	6 046 923	(4 046 838)	2 000 085
IT equipment	1 838 728	(1 038 699)	800 029	2 413 485	(1 188 355)	1 225 130
Infrastructure	156 443 694	(80 146 846)	76 296 848	147 489 369	(69 474 453)	78 014 916
Community	30 992 451	(18 798 957)	12 193 494	31 497 976	(14 096 125)	17 401 851
Total	220 117 029	(117 926 272)	102 190 757	212 319 915	(102 970 159)	109 349 756

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Emadlangeni Local Municipality

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Notes to the Annual Financial Statements

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5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Additions through landfill site	Disposals	INEP transfer out of WIP	Depreciation	Impairment loss	Total
Land	2 796 477	-	-	-	-	-	-	2 796 477
Buildings	5 501 688	-	-	(15 277)	-	(429 952)	(52 789)	5 003 670
Plant and machinery	1 168 662	1 225 603	-	(67 350)	-	(171 179)	-	2 155 736
Furniture and fixtures	1 240 947	408 784	-	(45 618)	-	(222 973)	-	1 381 140
Motor vehicles	2 000 085	-	-	(49 719)	-	(387 003)	-	1 563 363
IT equipment	1 225 130	167 052	-	(305 425)	-	(286 728)	-	800 029
Infrastructure	78 014 916	19 612 698	3 187 251	(103 796)	(13 554 373)	(8 796 803)	(2 063 045)	76 296 848
Community	17 401 851	477 993	-	(174 821)	-	(857 844)	(4 653 685)	12 193 494
	109 349 756	21 892 130	3 187 251	(762 006)	(13 554 373)	(11 152 482)	(6 769 519)	102 190 757

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Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	INEP transfer out of WIP	Landfill site	Depreciation	Impairment loss	Total
Land	2 796 477	-	-	-	-	-	2 796 477
Buildings	5 942 614	-	-	-	(440 926)	-	5 501 688
Plant and machinery	1 332 379	33 538	-	-	(197 255)	-	1 168 662
Furniture and fixtures	1 055 490	378 724	-	-	(193 267)	-	1 240 947
Motor vehicles	1 546 739	722 594	-	-	(269 248)	-	2 000 085
Computer Equipment	877 985	569 233	-	-	(222 088)	-	1 225 130
Infrastructure	79 746 177	17 161 850	(10 484 871)	(1 372 611)	-	(7 035 629)	78 014 916
Community	13 788 959	4 407 354	-	-	(794 462)	-	17 401 851
	107 086 820	23 273 293	(10 484 871)	(1 372 611)	(2 117 246)	(7 035 629)	109 349 756

Restrictions and contractual obligations

No restrictions or contractual obligations exist.

There are no amounts of compensation from or to third parties for items of property, plant and equipment that were impaired, lost or given up that is included in surplus or deficit

Emadlangeni Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

5. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Infrastructure (Electrical)	Total
Opening balance	10 980 771	-	10 980 771
Additions/capital expenditure	6 013 125	13 554 372	19 567 497
WIP Expensed- INEP	-	(13 554 372)	(13 554 372)
Transferred to completed items	(8 123 439)	-	(8 123 439)
	8 870 457	-	8 870 457

Reconciliation of Work-in-Progress 2022

	Included within infrastructure	Included within Infrastructure (Electrical)	Total
Opening balance	3 222 780	-	3 222 780
Additions/capital expenditure	5 855 032	9 825 409	15 680 441
Prior period mis-classification	1 902 959	660 240	2 563 199
Prior Period Error - INEP Correction	-	(10 485 649)	(10 485 649)
	10 980 771	-	10 980 771

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Buildings	655 641	176 925
Motor Vehicles	735 129	556 605
Machinery	36 805	71 052
	1 427 575	804 582

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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5. Property, plant and equipment (continued)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

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6. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 560 201	(1 506 223)	53 978	1 560 201	(1 345 484)	214 717

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	214 717	(160 739)	53 978

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, other	375 457	(160 740)	214 717

Restrictions and Contractual obligations

No restrictions or contractual obligations exist.

Notes to the Annual Financial Statements

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7. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets which fair values cannot be reliably measured: (Para .94)	1 490 000	(299 419)	1 190 581	1 490 000	(299 419)	1 190 581

Reconciliation of heritage assets 2023

	Opening balance	Total
Heritage assets which fair values cannot be reliably measured: (Para .94) Art Collections, antiquities and exhibits	1 190 581	1 190 581

Reconciliation of heritage assets 2022

	Opening balance	Additions through transfer of functions / mergers	Total
Heritage assets which fair values cannot be reliably measured: (Para .94) Art Collections, antiquities and exhibits	1 190 580	1	1 190 581

Restrictions and contractual obligations

No restrictions or contractual obligations exist.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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8. Other financial assets		
Designated at fair value		
DBSA investments	-	451 111
Surety for the DBSA loan in accordance with the terms of the loan agreement.		
Current assets		
Designated at fair value	-	451 111

9. Employee benefit obligations

Defined benefit plan

The employee benefit obligation includes the plan for the post employment medical benefit plan and Long service award and the provision for the 13th cheque.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Opening balance	(2 825 000)	(3 217 000)
Current Service cost	(153 000)	(152 000)
Interest Cost	(299 000)	(273 000)
Benefits paid	321 000	338 000
Actuarial gain/ (loss)	(182 000)	479 000
Provision for 13th cheque	(1 230 495)	(982 685)
	(4 368 495)	(3 807 685)
Non-current liabilities	(2 982 000)	(2 718 000)
Current liabilities	(1 386 495)	(1 089 685)
	(4 368 495)	(3 807 685)

Emadlangeni Local Municipality

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2022

9. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date: 30 June 2023 & 2022 respectively

Actual return on plan assets	1,00 %	1,00 %
Discount rates used	11,03 %	11,07 %
Expected rate of return on assets	6,04 %	7,26 %
Expected rate of return on reimbursement rights	7,54 %	8,76 %
Actual return on reimbursement rights	3,25 %	2,12 %
Expected increase in salaries	1,00 %	1,00 %
Expected pension increases	11,47 %	11,35 %
Proportion of employees opting for early retirement	6,33 %	7,32 %
Expected increase in healthcare costs	7,33 %	8,32 %
Future changes in maximum state healthcare benefits	3,86 %	2,80 %

1. POST EMPLOYMENT MEDICAL SUBSIDY

The employer's post-employment health care liability consists of a commitment to pay a portion of the pensioners' post-employment medical scheme contributions. This liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member

Emadlangeni Municipality does not have a formal medical subsidy policy for retired employees.

Emadlangeni Municipality is aware of five (5) continuation pensioners that are currently subsidised for medical contributions with the following subsidy requirements:

- subsidy percentages of 60% to current pensioners and their dependents; and
- subsidy percentages of 60% to deceased pensioners' spouses and their dependents.

ELIGIBLE EMPLOYEES

We summarise the participants eligible for post employment medical aid subsidy as at the current valuation date, 30 June 2023, as provided by Emadlangeni.

The employees' contributions are those payable to the employees and their spouses in retirement, at the current rates. The contributions include risk and the medical savings account.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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9. Employee benefit obligations (continued)

VALUATION METHOD

In accordance with the requirements of GRAP25, the Projected Unit Credit method has been applied. The assumption underlying the funding method is that the employer's post-employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference to Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

VALUATION ASSUMPTIONS

NET DISCOUNT RATE

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised above:

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2022 the duration of liabilities was 11.07% per annum. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2023 is 11.03% per annum.

A healthcare cost inflation rate of 7.54% (2022:8.76%) was assumed. This is a decrease of 1.22% of the expected inflation over the expected term of the liability, consistent with the previous valuation assumption..

However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.25% (2022:2.12%) per annum. This year's valuation basis is consistent with the previous year's basis from a discount rate perspective. basis used to determine the overall expected rate of return on assets is as follow:

DEMOGRAPHIC AND DECREMENT ASSUMPTIONS

The demographic and decrement assumptions were consistent in the previous and current valuation period.

CONTINUATION PERCENTAGES

We have assumed continuation of the post-employment health care subsidy would be at 100% of active employees, or their surviving dependants.

2. LONG SERVICE AWARDS

Emadlangeni offers bonuses for every 5 years of completed service from 10 years to 45 years. Below we outline the benefits awarded to qualifying employees. Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed.

VALUATION METHOD

In accordance with the requirements of GRAP25, the Projected Unit Credit method has been applied. Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date. In determining these liabilities, due allowance has been made for future award increases.

The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

VALUATION ASSUMPTIONS

NET DISCOUNT RATE

The key assumptions used in the valuation are consistent with the prior years' assumptions shown for comparison, are summarised above:

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

At this duration the discount rate determined by as at 30 June 2023 was 11.47% (2022:11.35%) per annum.

Emadlangeni Local Municipality

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2023 2022

9. Employee benefit obligations (continued)

We have assumed that salary inflation would exceed general inflation by 1.00% per annum, 7.33% (2022:8.32%) per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.86% (2022: 2.80%) per annum.

DEMOGRAPHIC AND DECREMENT ASSUMPTION

The demographic and decrement assumptions were consistent in the previous and current valuation period.

The following sensitivity analysis is relevant: Long Service

Assumption	Variation	Change in accrued liability	Change in annual expense
Salary inflation	+1%	+7.3%	+8.8%
Salary Inflation	-1%	-6.6%	-7.8%
Withdrawal rates	-20%	+6.8%	+9.1%
Withdrawal rates	+20%	-6%	-7.9%
Discount rate	+1%	-6.2%	-3.2%
Discount rate	-1%	+7%	+3.6%

The following sensitivity analysis is relevant: Post Employee Benefit

Assumption	Variation	Change in accrued liability	Change in annual expense
Mortality	PA(90) -1	+4.7%	+5.1%
Mortality	PA(90) -2	+9.5%	+10.2%
Healthcare cost inflation	+1%	+6.0%	+6.5%
Healthcare cost inflation	-1%	-5.5%	-5.9%
Discount	+1%	-5.2%	+2.9%
Discount	-1%	+5.9%	-3.3%

10. Prepayments

Eskom	148 654	147 626
Licenses	-	259 240
	148 654	406 866

11. Receivables from exchange transactions

Consumer debtors - Electricity	1 468 127	2 304 049
Consumer debtors - Refuse	803 887	709 914
Consumer debtors - Other	138 396	22 830
	2 410 410	3 036 793

12. Receivables from non-exchange transactions

Fines	714 976	112 202
Consumer debtors - Rates	9 465 959	8 782 516
	10 180 935	8 894 718

The provision for impairment for traffic fines is R1,533,427 (R1,490,677: 2022). Refer to provision for impairment reconciliation below.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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12. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Traffic fines-section 56 and 139 of the traffic management act determines the type of fines that maybe levied by the municipality to motoroists that contraves these acts.

Property rates-property rates are levied in accordance with the MPRA that requires different percentage to be levied on different properties depending on the use and the extent of those properties.

Determination of transaction amount

Traffic fines: The transaction amount is determined by reference to the traffic fines issues per the traffic fine books used by the traffic fines department which is in accordance with section 56 and 139 in relation to traffic fines.

Property rates: The transaction amount is levied in accordance with the MPRA that requires different percentage to be levied on different properties depending on the use and the extent of those properties.

Interest or other charges levied/charged

The municipality does not levy interest on late payments on traffic fines. Interest on late payments of property rates is levied at 1.5%

Basis used to assess and test whether a statutory receivable is impaired

Traffic fines: The municipality is using the collection rate of prior year as a basis to performed the assessment.

Property rates: All Statutory receivables have been tested for impairment based on whether the customer account has amounts outstanding over 31 days. In this instance the total balance outstanding are impaired based on the Council approved policies."

Due to COVID-19 pandemic the collection rates has decreased significantly which has resulted in an increase in impairment losses for the year. The collection rate for the year including the number of debtor's days was utilised in impairing all debtors with an ageing over 31 days outstanding.

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	1 490 677	1 395 628
Provision for impairment	42 750	55 099
Amounts written off as uncollectible	-	39 950
	<u>1 533 427</u>	<u>1 490 677</u>

13. VAT receivable

VAT	<u>1 825 920</u>	<u>5 476 471</u>
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The amounts accounts for VAT due or receivable from SARS using the accrual basis of accounting however the cash basis is applied while submitting the VAT 201.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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14. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	56 907 122	47 378 564
Consumer debtors - Electricity	9 916 769	9 058 255
Consumer debtors - Refuse	4 730 764	4 639 398
Consumer debtors - Other	1 447 353	1 497 886
	73 002 008	62 574 103
Less: Allowance for impairment		
Consumer debtors - Rates	(47 531 605)	(38 596 048)
Consumer debtors - Electricity	(9 467 682)	(6 754 206)
Consumer debtors - Refuse	(3 641 168)	(3 929 484)
Consumer debtors - Other	(485 184)	(1 475 056)
	(61 125 639)	(50 754 794)
Net balance		
Consumer debtors - Rates	9 465 959	8 782 516
Consumer debtors - Electricity	1 468 127	2 304 049
Consumer debtors - Refuse	803 887	709 914
Consumer debtors - Other	138 369	22 830
	11 876 342	11 819 309
Rates		
Current (0 -30 days)	3 497 335	3 961 605
31 - 60 days	12 037	(6 926)
61 - 90 days	1 991 992	1 630 286
91 - 120 days	1 679 620	1 466 769
> 365 days	49 726 138	40 528 221
	56 907 122	47 579 955
Electricity		
Current (0 -30 days)	1 543 799	978 186
31 - 60 days	1 010	(342 924)
61 - 90 days	390 222	842 768
91 - 120 days	368 747	395 545
> 365 days	6 940 067	6 452 790
	9 243 845	8 326 365
Refuse		
Current (0 -30 days)	270 801	303 841
31 - 60 days	4 055	(3 858)
61 - 90 days	108 739	126 302
91 - 120 days	138 035	118 212
> 365 days	4 209 134	4 299 644
	4 730 764	4 844 141

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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14. Consumer debtors disclosure (continued)		
Other		
Current (0 -30 days)	130 773	109 443
31 - 60 days	648	(130)
61 - 90 days	45 770	29 269
91 - 120 days	41 875	21 453
> 365 days	1 228 287	1 658 366
	1 447 353	1 818 401

Other debtors relates to rental of houses and municipal sites.

Reconciliation of allowance for impairment

Balance at beginning of the year	50 754 794	39 360 700
Contributions to allowance	12 382 314	11 690 816
Debt impairment written off against allowance	(2 011 469)	(296 722)
	61 125 639	50 754 794

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 083	1 083
Bank balances	603 031	742 827
Short-term deposits	2 320 067	2 212 729
	2 924 181	2 956 639

Emadlangeni Local Municipality

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2023 2022

15. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
Standard Primary Bank Account - 06 010 0001	-	-	(948)	-	-	(948)
First Primary National Bank Account 62864159366	603 038	742 827	2 175 114	603 038	742 827	2 175 114
INEP 06 850 0947 - 102	824	824	-	824	824	-
Nguni Cattle - 42 850 052 1 - 003	6 085	6 085	6 085	6 085	6 085	6 085
KZN Wildlife - 06 850 094 7 - 070	10 313	10 313	10 313	10 313	10 313	10 313
VAT refund account - 42 880 052 1 - 002	27 890	125 088	5 001	27 890	125 088	5 001
Repairs 376 houses - 06 850 418 7 - 001	2 159 027	2 034 695	2 093 043	2 159 027	2 034 695	2 093 043
General investments - 06 850 094 7 - 030	67 095	2 977	17 965	67 095	2 977	17 965
Proceeds from auction - 06 850 094 7 - 050	4 820	4 662	4 621	4 820	4 662	4 621
MIG 20192020 06 850 0947 - 096	9 881	3 696	1 492	9 881	3 696	1 492
Consumer deposits - 06 850 094 7 - 084	9 563	9 248	9 168	9 563	9 248	9 168
Housing rentals - 06 850 094 7 - 094	5 830	5 830	5 830	5 830	5 830	5 830
INEP Retention - 06 850 094 7 - 087	1 411	1 365	1 353	1 411	1 365	1 353
Spatial planning - 06 850 094 7 - 090	1 283	1 283	1 283	1 283	1 283	1 283
EPWP 06 850 0947 - 097	4 015	4 015	4 015	4 015	4 015	4 015
FMG 06 850 0947 - 099	2 648	2 646	6 333	2 648	2 648	6 333
Balele 06 850 0947 - 105	9 375	-	-	9 375	-	-
Total	2 923 098	2 955 554	4 340 668	2 923 098	2 955 556	4 340 668

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Repair of 376 Houses	813 725	813 725
Library Grant	-	464 700
Balele Grant	5 103 185	-
	5 916 910	1 278 425

Movement during the year

Balance at the beginning of the year	1 278 425	814 216
Additions during the year	22 438 000	9 516 000
Income recognition during the year	(17 799 515)	(9 051 791)
	5 916 910	1 278 425

See note 33 for reconciliation of grants from National/Provincial Government.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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	2023	2022
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17. Other financial liabilities

At amortised cost

Bank loan	-	316 102
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The municipality acquired a loan from the Development Bank of Southern Africa (DBSA) to fund the construction of municipal main offices. The term of the loan was 20 years. Interest charged is 10.81% per annum payable every half yearly.

Non-current liabilities

At amortised cost	-	199 535
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Current liabilities

At amortised cost	-	116 567
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18. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Addition due to re-measurement	Total
Environmental rehabilitation	21 092 162	4 828 222	25 920 384

Reconciliation of provisions - 2022

	Opening Balance	Reduction due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	21 267 806	(175 644)	21 092 162

Environmental rehabilitation provision

The provision is raised for the rehabilitation of waste disposal site (Emadlangeni Landfill site) to its original state once the site has reached the end of the useful life.

19. Payables from exchange transactions

Trade payables	12 438 188	11 712 989
Retention Liability	8 399 158	7 795 068
Leave Pay Accrued	3 663 739	3 533 463
Direct deposits, third parties and other	6 622 310	5 918 937
Deposits received	45 108	36 536
Credit balances receivables from exchange transactions	374 375	348 194
Other Payable: INEP	691 797	-
	32 234 675	29 345 187

The debtors with credit balances amounting to R2 721 328 is split between R374 375 relating to receivables from exchange transactions and R 2 346 953 which relates to receivables from non exchange transactions.

The other payables: INEP relates to the construction contracts between the Municipality and Eskom with respect to the construction of electrical infrastructure in Eskom licenced areas.

The construction contract expenses consist mainly of contracted services wherein the Municipality procures the services of contractors for the construction related expenditure. Revenue is recognised when the expenditure is incurred.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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20. Payable from non-exchange transactions

Credit non exchange debtors	2 346 953	1 641 939
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The debtors with credit balances amounting to R2 721 328 is split between R374 375 relating to receivables from exchange transactions and R 2 346 953 which relates to receivables from non exchange transactions.

21. Consumer deposits

Electricity	175 492	172 927
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The consumer deposits represents the amounts paid by consumers in obtaining the connections for services these amounts are refundable (payable) to consumers when the consumer accounts are transferred or closed.

22. Revenue

Sale of goods	353 067	317 144
Service charges	16 055 778	17 575 999
Construction contracts	13 823 856	7 022 223
Operational Revenue	5 637	71 881
Rental of facilities and equipment	1 406 984	1 099 119
Interest received -investment	556 512	576 249
Licences and permits	1 790 921	1 634 509
Property rates	25 471 125	22 635 428
Property rates - penalties imposed	1 787 545	4 009 338
Government grants and subsidies	53 875 515	42 518 307
Public contributions and donations	-	4 792 742
Fines, Penalties and Forfeits	688 505	226 732
	115 815 445	102 479 671

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods	353 067	317 144
Service charges	16 055 778	17 575 999
Construction contracts	13 823 856	7 022 223
Operational revenue	5 637	71 881
Rental of facilities and equipment	1 406 984	1 099 119
Interest received -investment	556 512	576 249
Licences and permits	1 790 921	1 634 509
	33 992 755	28 297 124

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	25 471 125	22 635 428
Property rates - penalties imposed	1 787 545	4 009 338
Transfer revenue		
Government grants & subsidies	53 875 515	42 518 307
Public contributions and donations	-	4 792 742
Fines, Penalties and Forfeits	688 505	226 732
	81 822 690	74 182 547

Emadlangeni Local Municipality

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23. Sale of goods and rendering of services		
Consumables	72 956	89 372
Sub-division and consolidation fees	3 191	13 226
Other documents	-	81 261
Tender documents	106 762	9 135
Building plans	31 288	23 939
Camping fees	55 369	55 269
Cemetery and burial	37 590	33 654
Clearance certificates	17 973	8 491
Entrance fees	21 686	1 131
Photocopies and faxes	6 252	1 666
	353 067	317 144
24. Service charges		
Sale of electricity	14 138 909	15 744 933
Refuse removal	1 916 869	1 831 066
	16 055 778	17 575 999
The service charges represents revenues earned by the municipality in the current financial year from the provisions of electricity and refuse removal.		
25. Operational revenue.		
Administrative and handling fees	11 110	1 134
Breakages and losses recovered	1 342	1 412
Agency fees	(6 815)	69 335
	5 637	71 881
26. Interest on Investment		
Short term deposits	556 512	576 249
27. Rental of facilities and equipment		
Premises		
Rental of Investment properties	1 083 383	1 089 344
Ad hoc rentals	323 601	9 775
	1 406 984	1 099 119
28. Fines, Penalties and Forfeits		
Fines, Penalties and Forfeits	688 505	226 732
29. Licences and permits (exchange)		
Game	173 009	33 700
Trading	14 294	6 009
Drivers licence certificate	927 296	905 494
Learner licence application	322 113	270 348
Motor vehicle licence	216 136	299 375
Operators and public drivers permit	138 073	119 583
	1 790 921	1 634 509

Emadlangeni Local Municipality

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30. Lease rentals on operating lease

Lease rentals on operating lease

Leased Machinery	151 856	84 703
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Operating leases represents the amounts paid to service providers in leasing out the photocopying machines that are used the municipal buildings.

31. Construction revenue

INEP Construction revenue	13 823 856	7 022 223
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The construction revenue relates to the construction contracts between the Municipality and Eskom with respect to the construction of electrical infrastructure in Eskom licenced areas. The construction contract expenses consist mainly of contracted services wherein the Municipality procures the services of contractors for the construction related expenditure. Revenue is recognised when the expenditure is incurred. The amount payable for work still to be done is recognised as a liability and disclosed under payables.

32. Property rates

Property rates	25 471 125	22 635 428
	25 471 125	22 635 428
Property rates - Penalty on late payments	1 787 545	4 009 338
	27 258 670	26 644 766

Valuations

Residential	365 490 000	365 613 000
Commercial	74 450 000	74 450 000
State	433 936 000	327 288 000
Municipal	72 265 000	72 265 000
Small holdings and farms	2 865 677 000	2 865 677 000
Land reform property	-	23 914 000
Other (PBO, Public worship, Vacant etc)	38 481 000	119 408 000
	3 850 299 000	3 848 615 000

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Emadlangeni Local Municipality

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33. Government grants and subsidies		
Operating grants		
Equitable share	36 076 000	33 467 000
Finance Management Grant (FMG)	3 000 000	2 850 007
Expanded Public Works Programme	978 000	-
New Establishment/ Library	2 414 700	1 394 300
Balele Tourism grant	1 396 815	-
	<u>43 865 515</u>	<u>37 711 307</u>
Capital grants		
Municipal Infrastructure Grant (MIG)	10 010 000	4 807 000
	<u>53 875 515</u>	<u>42 518 307</u>
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Repair of 376 Houses		
Balance unspent at beginning of year	813 725	813 725
Conditions still to be met - remain liabilities (see note 16).		
Finance Management Grant		
Current-year receipts	3 000 000	2 850 000
Conditions met - transferred to revenue	(3 000 000)	(2 850 000)
	<u>-</u>	<u>-</u>
Expanded Public Works Programme		
Current-year receipts	978 000	-
Conditions met - transferred to revenue	(978 000)	-
	<u>-</u>	<u>-</u>
Municipal Infrastructure Grant (MIG)		
Current-year receipts	10 010 000	4 807 000
Conditions met - transferred to revenue	(10 010 000)	(4 807 000)
	<u>-</u>	<u>-</u>
Library Grant		
Balance unspent at beginning of year	464 700	-
Current-year receipts	1 950 000	1 859 000
Conditions met - transferred to revenue	(2 414 700)	(1 394 300)
	<u>-</u>	<u>464 700</u>
Conditions still to be met - remain liabilities (see note 16).		
Balele Grant		

Emadlangeni Local Municipality

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Figures in Rand	2023	2022
33. Government grants and subsidies (continued)		
Current-year receipts	6 500 000	-
Conditions met - transferred to revenue	(1 396 815)	-
	5 103 185	-
Conditions still to be met - remain liabilities (see note 16).		
34. Public contributions and donations		
Department of Arts and Culture Library Donation	-	4 792 742

Emadlangeni Local Municipality

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Figures in Rand	2023	2022
35. Employee related costs		
Basic	34 001 777	29 077 086
Bonus	2 177 161	2 094 455
Medical aid - company contributions	864 787	680 836
UIF	252 998	217 299
Bargaining Council	16 784	14 040
Leave pay provision charge	1 011 987	1 202 682
Group Life Assurance	-	795
Travel, motor car, accommodation, subsistence and other allowances	657 800	509 821
Overtime payments	586 462	651 417
13th Cheques	247 810	982 685
Acting allowances	77 631	107 195
Housing benefits and allowances	220 563	212 636
Pension contributions	4 198 511	3 096 027
Stand By	1 933 727	1 625 553
Current interest costs	299 000	273 000
	46 546 998	40 745 527

Remuneration of Municipal Manager Mr LCT Nkosi

Annual Remuneration	-	950 553
Annual remuneration	-	85 020
	-	1 035 573

Mr Nkosi was suspended on 12 September 2019. His contract ended in May 2022. His final salary was paid in May 2022.

Remuneration of the Municipal Manager Mrs GN Mavundla

Annual Remuneration	1 000 150	481 402
Cellphone Allowance	-	4 500
Backpay	3 723	-
	1 003 873	485 902

Mrs Mavundla acted in the position of municipal manager from January to 31 September 2022. She was there-after appointed on 01 October 2022.

Remuneration of Acting Municipal Manager Mr SS De Klerk

Annual Remuneration	-	540 207
Cellphone allowance	-	10 500
	-	550 707

Mr De Clerk acted in the position of municipal manager from July 2021 to January 2022.

Remuneration of Chief Finance Officer Ms SC Mhlophe

Annual Remuneration	194 361	777 445
Cellphone Allowance	2 400	-
Annual remuneration	-	37 618
Contributions to UIF, Medical and Pension Funds	-	15 900
	196 761	830 963

Miss Mhlophe was suspended in the 2022 financial year.

Remuneration of Acting Chief Financial Officer WS Mpanza

Emadlangeni Local Municipality

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35. Employee related costs (continued)

	2023	2022
Annual Remuneration	681 295	246 319
Cellphone Allowance	8 000	3 900
Leave payout	73 592	-
	762 887	250 219

Mr WS Mpanza began acting as CFO from March 2022 to April 2023.

Remuneration of Acting Chief Financial Officer: PP Sithole

Annual Remuneration	137 882	-
Cellphone Allowance	1 600	-
	139 482	-

Remuneration of Director Infrastructure, Planning and Development Mr N Kheswa

Annual Remuneration	476 472	815 063
Cellphone Allowance	5 600	9 600
Backpay	18 339	-
Leave payout	157 121	-
	657 532	824 663

Mr Kheswa's contract ended on 31 January 2023.

Remuneration of Acting Director Infrastructure, Planning and Development Mr TI Mashiyane

Annual Remuneration	-	407 532
Cellphone Allowance	-	9 000
Leave Pay	-	38 887
	-	455 419

Mr Mashiyane acted in the position of Director Infrastructure, Planning and Development from 18 November 2019 to 31 December 2021.

Remuneration of Acting Infrastructure Director - PPS Zamisa

Annual Remuneration	681 295	203 766
Cellphone Allowance	8 000	2 400
Backpay	70 801	26 187
	760 096	232 353

Mr Zamisa acted from April 2022 to April 2023.

Remuneration of Infrastructure Director - SM Nkwanyana

Annual Remuneration	137 882	-
Cellphone Allowance	1 600	-
	139 482	-

Remuneration Director Corporate Services - ZJ Mkhize

Emadlangeni Local Municipality

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Figures in Rand	2023	2022
35. Employee related costs (continued)		
Annual Remuneration	-	583 084
Car Allowance	-	13 500
Performance Bonuses	-	37 618
		634 202
 Mr Mkhize was terminated in March 2022		
Remuneration Director Corporate Services - Mrs Zungu		
Annual Remuneration	-	523 308
Acting Allowance	-	21 393
		544 701
 Mrs Zungu is a Manager in the Disaster Management unit and she then acted in the position of Director Corporate Services from April to June 2022.		
Director Corporate Services - GNZ Maphisa		
Annual Remuneration	785 987	-
Cellphone Allowance	9 600	-
Backpay	5 585	-
	801 172	-
 36. Remuneration of councillors		
Mayor	861 375	607 295
Deputy Mayor	447 818	377 198
Executive committee	374 060	333 171
Speaker	556 389	428 134
Councillors	2 357 212	2 179 082
	4 596 854	3 924 880
 In-kind benefits		
The Mayor and Speaker are employed full-time and are provided with an office and secretarial support at the cost of the Council and own vehicle for official duties and two bodyguards.		
The allowances and benefits of councillors of Emadlangeni Local Municipality for the year under review were paid in terms of Government Gazette 46470 upper limits of remuneration of public office bearers).		
 37. Depreciation and amortisation		
Property, plant and equipment	11 151 881	9 566 621
Property, plant and equipment- Impairment	6 769 519	-
Investment Property	250 499	-
Intangible assets	160 739	-
	18 332 638	9 566 621
 38. Finance costs		
Trade and other payables	326 232	529 105
Loans	11 515	42 788
Landfill sites	1 640 970	1 196 976
	1 978 717	1 768 869

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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39. Debt impairment

Debt impairment	12 425 064	11 785 864
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The debt impairment represents the movements in the provisions for doubtful debts that were assessed as irrecoverable from the municipal consumer debtors as per the municipalities policy.

40. Bulk purchases

Electricity - Eskom	15 896 269	16 733 578
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Bulk purchases represents the total costs of electricity purchased from Eskom

Electricity losses

Electricity units (kWh) purchased	10 043 675	11 801 017
Electricity units (kWh) sold	(6 174 931)	(7 469 727)

Total loss	3 868 744	4 331 290
-------------------	------------------	------------------

Comprising of:

Technical losses	3 566 036	3 980 815
Non-technical losses	302 708	350 475

Total	3 868 744	4 331 290
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Percentage Loss:

Technical losses	92 %	92 %
Non-technical losses	8 %	8 %

Total	100 %	100 %
--------------	--------------	--------------

Total Electricity losses as a percentage of Purchases

	2023	2022
	39%	37%

Electricity losses are attributable to electricity within the aging electricity network infrastructure and illegal connections.

41. Contracted services

Outsourced Services

Burial Services	4 117	7 500
Professional Staff	102 310	384 451
Valuer and Assessor	768 413	77 368
Traffic Street Light	-	135 528

Consultants and Professional Services

Accounting And Auditing	364 456	1 548 162
Audit Committee	164 773	79 726
Legal advise and Litigations	1 515 163	2 971 252

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
41. Contracted services (continued)		
Contractors		
Catering Services	124 080	22 250
Distribution of Electricity by Others	11 958	-
Electrical	224 688	653 013
Internet charge	72 620	166 706
Maintenance of Buildings and Facilities	714 141	176 925
Maintenance of Equipment	24 846	4 577
Maintenance of other Assets	3 050 528	2 597 365
Transportation	138 011	96 800
Safeguard and Security	5 632 083	4 474 470
	12 912 187	13 396 093
42. General expenses		
Accommodation	386 178	77 025
Auditors remuneration	3 264 364	1 035 427
Bank charges	242 918	320 650
Consumables	2 487 977	2 008 858
Daily allowance	225 916	28 450
Food and beverage	44 893	7 016
Electricity	84 987	32 457
Entertainment	6 087	22 861
Insurance	1 244 145	1 065 615
Levies	-	60 407
Motor vehicle licence and registrations	58 410	77 965
Fuel and oil	1 704 339	886 290
Placement fees	210 912	8 523
Postage and courier	-	2 745
Printing and stationery	78 654	47 306
Gifts and promotional items	14 654	108 842
Research and development costs	-	25 670
Subscriptions and membership fees	508 976	508 000
Telephone and fax	345 899	445 778
Own transport	348 886	87 343
Training	173 826	455 000
Travel - local	47 302	241 053
Telephone installation	1 383	-
Uniforms	278 674	414 935
Seating Allowance for Traditional Leaders	51 000	66 000
Skills Development Levy	409 531	357 186
Remuneration to ward committees	772 800	505 973
Bursaries-Community	-	90 352
Licences	-	265
Toll gate	4 032	6 654
	12 996 743	8 994 646

Emadlangeni Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
43. Construction Expenses		
Sale of goods		
Construction Expenses: INEP	13 823 856	10 485 649
<p>The distribution of electricity by others relates to the construction contracts between the Municipality and Eskom with respect to the construction of electrical infrastructure in Eskom licenced areas. In the 2022 year, additions funded through INEP amounted to R7 022 223 and additions funded through internal funds amounted to R3 463 426 resulting in the total of R10 485 649</p> <p>The construction contract expenses consist mainly of contracted services wherein the Municipality procures the services of contractors for the construction related expenditure. Revenue is recognised when the expenditure is incurred. The amount payable for work still to be done is recognised as a liability and disclosed under payables.</p>		
44. Auditors' remuneration		
Fees	3 264 364	1 035 427
45. Cash generated from operations		
Deficit	(24 530 272)	(13 131 549)
Adjustments for:		
Depreciation and amortisation	18 332 638	9 566 621
Actuarial gain/ loss	182 000	(466 700)
Penalties imposed	(1 787 545)	-
Fair value adjustments	(1 109 492)	(1 408 501)
Debt impairment	12 425 064	11 785 864
Leave pay provision	1 011 987	857 382
13th Cheque	247 810	982 685
Movements in retirement benefit assets and liabilities	313 000	(392 000)
Loss on disposal of assets	1 612 027	-
Other non-cash items: INEP	-	(1 053 261)
Finance costs non-cash	1 640 970	1 196 967
Changes in working capital:		
Receivables from exchange and non-exchange transactions	(659 834)	(8 218 505)
Prepayments	258 212	(72 213)
Other financial liability	(316 102)	(104 978)
Other financial asset	451 111	(15 885)
Payables from exchange transactions	3 639 343	8 307 471
VAT	(3 094 846)	(2 446 106)
Consumer deposits	2 565	4 775
	8 618 636	5 392 067

Emadlangeni Local Municipality

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46. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	1 693 313	15 161 513
Total capital commitments	1 693 313	15 161 513
Already contracted for but not provided for		
Authorised operational expenditure		
Already contracted for but not provided for		
• Expenditure	2 608 852	3 534 984
Total operational commitments	2 631 797	3 534 984
Already contracted for but not provided for		
Total commitments		
Total commitments		
Authorised capital expenditure	1 693 313	15 161 513
Authorised operational expenditure	2 608 852	3 534 984
	4 302 165	18 696 497

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, mortgage facilities, existing cash resources, funds internally generated, etc.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand

	2023	2022
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47. Contingencies

The municipality is defending various litigation and claim cases against the Municipality. The municipality's Attorney and management strongly believe that the municipality has a strong defence.

Name of Claimant	Municipal Attorneys	Description of case	Contingent Liability
Asande Projects	Internally represented by municipal legal department	Asande Projects was appointed on a turnkey basis for electrification projects. The municipality terminated the contract citing poor management or workmanship. Asande went to court claiming unlawful termination. There is a court order against the municipality to pay the claim. Negotiations are ongoing to reduce interest and payment plan. There was no movement in this matter in the current financial year. The Municipality was unrepresented in this matter in the current financial year.	R772 800 plus interest at 7%
Ocean Dawn	Internally represented by municipal legal department	The company went to court alleging the unfair or irregular appointment of another security company in their stead. They claim they are the ones that were supposed to have been appointed and their claim is to get an appointment letter and proceed with work as per their submitted bid. The matter is pending in the High Court. There has been no further movement since the last financial year.	R 7 936 143
Mr. ZJ Mkhize	Mdelele Attorneys	Unfair dismissal claim by the ex- Director Corporate services whose contract was terminated as at 31 March 2022.	R679 219

Emadlangeni Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand 2023 2022

47. Contingencies (continued)

Mr Desmond Joseph Hart	Internally represented	A right of execution was received in this matter. It is alleged that a certain property was in the name of Mr Hart and was subsequently transferred out of his name in 2012. It is alleged that the Municipality did not remove the Municipal account out of Mr Hart's name and continued to charge him until he eventually approached the High Court and obtained an Order for the removal of the account under his name as well as a refund of the monies paid by him since the year 2012. The accounts department has been requested to verify the status of the account in question as well as the allegations in this matter. Should the claim be valid the Municipality will have to settle the claim amount.	R39 066
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Utrecht Townlands Community: This is an application by Utrecht townlands community made to the land claims court for the restitution of the land that once belonged to them and is situated within the jurisdiction of eMadlangeni municipality. The case is not necessarily a claim against eMadlangeni municipality, as the municipality is amongst the respondents in the matter. Mazibuko & Associates is representing the municipality. The financial impact if any is unknown.

Evictions matters- there are number of eviction matters, where the municipality is cited as one of the respondents, in addition to those being evicted. Phumlani Ngubani Incorporated is representing the municipality in those matters. The financial impact if any is unknown.

48. Related parties

Relationships	
Municipal Manager	Mrs Mavundla
Acting Chief Financial Officer	Mr WVS Mpanza
Director Infrastructure	SM Nkwanyana
Chief Financial Officer	Mrs PP Sithole
Acting Director Technical	Mr N Kheswa
Acting Director Technical	Mr PPS Zamisa
Director Technical	SM Nkwanyana
Director Corporate Services	Mrs GNS Mapisa

The Municipality does not have any related party transactions other than those disclosed in note 34 and 35 of the financial statements

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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49. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance affected by prior-year adjustments:

Statement of financial position

Accumulated Surplus

Previously reported	173 819 651
Correction of error: Moveable assets not previously capitalised	1 054 262
Correction of error: Provisions for 2022 13th Cheque payments.	(982 685)
Correction of error: INEP expenses accounted for as work in progress instead of construction expenses	(48 928 064)
Correction of error: INEP expenses accounted for as work in progress instead of construction expenses	(10 485 649)
Correction of error: VAT on INEP expenses recognised as grant revenue instead of Vat output	(1 053 261)
	<u>113 424 254</u>

Payables from Exchange transactions- Trade Payables

Previously reported	12 059 813
Reclassification: Ex-cfo settlement amount incorrectly taken to trade payables account instead of other creditors account	(346 824)
	<u>11 712 989</u>

Payables from exchange transactions: Direct deposits, third parties and other

Previously reported	5 572 113
Reclassification: Ex-cfo settlement amount incorrectly taken to trade payables account instead of other creditors account	346 824
	<u>5 918 937</u>

VAT

Previously reported	6 529 732
Correction of error: Vat on INEP funds treated as grant revenue instead of construction revenue	(1 053 261)
	<u>5 476 471</u>

Plant and Machinery

Previously reported	1 135 124
Correction of error: Moveable assets not previously capitalised	32 363
	<u>1 167 487</u>

Emadlangeni Local Municipality

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Figures in Rand	2023	2022
49. Prior-year adjustments (continued)		
Furniture & Fittings		
Previously reported	949 466	264 383
Correction of error: Moveable assets not previously capitalised		
	<u>1 213 849</u>	
Computer Equipment		
Previously reported	1 219 259	4 422
Correction of error: Moveable assets not previously capitalised		
	<u>1 223 681</u>	
Motor Vehicles		
Previously reported	1 277 491	600 465
Correction of error: Moveable assets not previously capitalised		
	<u>1 877 956</u>	
Infrastructure		
Previously reported	137 427 851	687
Correction of error: Moveable assets not previously capitalised		
Correction of error: INEP expenses previously recognised as WIP instead of Construction Expenditure	(48 928 064)	(10 485 648)
Correction of error: INEP expenses previously recognised as WIP instead of Construction Expenditure		
	<u>78 014 826</u>	
Statement of financial performance		
Government grants & subsidies		
Previously reported	50 593 791	(8 075 484)
Correction of error: INEP expenses previously recognised as grant revenue instead of Construction Revenue		
	<u>42 518 307</u>	
Construction Revenue: INEP		
Previously reported	-	-
Correction of error: INEP expenses previously recognised as grant revenue instead of Construction Revenue	8 075 484	
	<u>8 075 484</u>	
Construction Expenses		
Correction of error: INEP expenses previously recognised as WIP instead of Construction Expenditure	10 485 649	
	<u>10 485 649</u>	
Employee related costs		
Previously reported	39 762 842	982 685
Correction of error: 13th cheque not accounted for		
	<u>40 745 527</u>	

Emadlangeni Local Municipality

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2023 2022

49. Prior-year adjustments (continued)

Commitments	Capital	Operational	Total
Previously reported	20 488 388	3 942 327	24 430 715
Correction: Adjustment for contract value/ Contracts not previously taken into account	12 407 961	-	12 407 961
Correction: Adjustment to correctly recognise the value of services previously rendered	(17 734 836)	(407 343)	(18 142 179)
	15 161 513	3 534 984	18 696 497

50. Unauthorised expenditure

Opening balance as previously reported	38 637 612	25 842 542
Opening balance as restated	38 637 612	25 842 542
Add: Expenditure identified - current	28 581 274	12 795 070
Closing balance	67 218 886	38 637 612

The expenditure in the prior year was due to over-spending on the budget line items but the overall expenditure was within the approved budget however majority of these line items are non cash items which have no monetary impact.

The unauthorised expenditure incurred in the current year was due to actual expenditure line items exceeding the budgeted expenditure figures on the following line items.

Unauthorised Expenditure	Final Budget	Actual	Unauthorised Expenditure
Employee related costs	44 514 010	46 546 998	2 032 988
Debt Impairment	1 756 165	12 425 064	10 668 899
Depreciation and Amortisation	9 421 518	18 332 638	8 911 120
Finance Costs	281 199	1 978 717	1 697 518
Lease rentals on operating lease	100 000	151 856	51 856
General expenses	9 571 877	12 996 743	3 424 866
Actuarial Losses	-	182 000	182 000
Loss on disposal of assets	-	1 612 027	1 612 027
	65 644 769	94 226 043	28 581 274

51. Fruitless and wasteful expenditure

Opening balance as previously reported	1 114 453	164 351
Opening balance as restated	1 114 453	164 351
Add: Expenditure identified - current	368 826	950 102
Closing balance	1 483 279	1 114 453

Fruitless and wasteful expenditure is caused by interest incurred on late payments. Council has not written off any amount of money.

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Figures in Rand	2023	2022
52. Irregular expenditure		
Opening balance as previously reported	115 029 481	81 589 534
Correction of error: Irregular appointment of a contractor by way of section 32 (Gutakura)	-	4 515 559
Correction of error: No contract in place for contractor used	-	538 881
Correction of error: Two stage bidding process not followed	-	1 563 085
Opening balance as restated	115 029 481	88 207 059
Add: Irregular Expenditure - current	25 417 733	26 822 422
Closing balance	140 447 214	115 029 481

The current year irregular expenditure relates to SCM processes not being followed as well as expired contracts exceeding the 15% threshold stipulated in MFMA Circular 62.

Emadlangeni Local Municipality

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52. Irregular expenditure (continued)

Deviations from supply chain management regulations

	Disciplinary steps taken/criminal proceedings	
Three written quotations not invited	1 786 558	1 514 181
Declaration of interest not submitted	-	-
Awards to close family member of [state details]	-	-
Request for quotations not invited as per SCM policy	70 950	-
	<u>1 857 508</u>	<u>1 514 181</u>

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

Goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

53. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	500 000	500 000
Amount paid - current year	-	(500 000)
	<u>500 000</u>	<u>-</u>

Emadlangeni Local Municipality

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53. Additional disclosure in terms of Municipal Finance Management Act (continued)

Audit fees

	2023	2022
Opening balance	796 752	1 311 497
Current year fee	3 796 100	1 732 615
Amount paid - current year	-	(512 217)
Amount reversed -current year	(82 466)	-
Amount paid - previous years	(4 488 823)	(1 735 143)
	<u>21 563</u>	<u>796 752</u>

PAYE and UIF

Opening balance	534 221	25 896
Current year subscription / fee	7 332 850	6 589 927
Amount paid - current year	(7 491 455)	(6 081 602)
	<u>375 616</u>	<u>534 221</u>

Pension and Medical Aid Deductions

Opening balance	11 198	11 198
Current year subscription / fee	9 067 903	6 965 045
Amount paid - current year	(9 065 760)	(6 965 045)
	<u>13 341</u>	<u>11 198</u>

VAT

VAT receivable	<u>1 825 920</u>	<u>5 476 471</u>
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Councillors' arrear consumer accounts

No councillors had arrear accounts.

54. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	<u>-</u>	<u>316 102</u>
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Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

55. Segment information

General information

Emadlangeni Local Municipality

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55. Segment information (continued)

Identification of segments

The municipality is organised and reports to management on the basis of major functional areas. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

A segment is an activity of an entity:

- (a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity;
- (b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- (c) for which separate financial information is available.

The identified reportable segments are: Community and Social Services, Governance and Administration, Planning and Development, Trading services

Aggregated segments

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

Types of goods and/or services by segment

The type of goods and services in these services are those consistent with the provision of basic services to municipal customers and community. The nature of the services generate economic benefits for the municipality as well improve the service potential of the municipality.

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55. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Community and Social Services	Governance and Administration	Planning and Development	Trading Services	Total
Revenue					
Revenue from exchange transactions	1 654 364	1 108 090	794 153	29 879 634	33 436 241
Revenue from non- exchange transactions	3 103 205	49 641 668	29 077 819	-	81 822 692
Interest Revenue	-	556 512	-	-	556 512
Gains/losses	-	1 109 492	-	-	1 109 492
Total segment revenue	4 757 569	52 415 762	29 871 972	29 879 634	116 924 937
Entity's revenue					116 924 937
Expenditure					
Employee related costs	11 882 907	17 094 179	12 823 187	4 746 724	46 546 997
Councillors remuneration	-	4 596 854	-	-	4 596 854
Depreciation and amortisation	857 844	7 998 142	5 431 828	4 044 823	18 332 637
Finance costs	-	1 978 717	-	-	1 978 717
Lease on operating	-	151 856	-	-	151 856
Debt Impairment	-	12 425 064	-	-	12 425 064
Bulk Purchases	-	-	-	15 896 269	15 896 269
Actuarial Loss	-	182 000	-	-	182 000
General Expenses	-	12 996 743	-	-	12 996 743
Loss on disposal	-	1 612 027	-	-	1 612 027
Contracted services	360 115	24 817 869	1 218 062	340 000	26 736 046
Total segment expenditure	13 100 866	83 853 451	19 473 077	25 027 816	141 455 210
Total segmental surplus/(deficit)					(24 530 273)

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Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

	Community and Social Services	Governance and Administration	Planning and Development	Trading Services	Total
Assets					
Current Assets	-	17 490 099	-	-	17 490 099
Non-current assets	-	71 732 515	22 095 345	48 538 933	142 366 793
Total segment assets	-	89 222 614	22 095 345	48 538 933	159 856 892
Total assets as per Statement of financial Position					159 856 892
Liabilities					
Current Liabilities	-	37 743 310	-	4 317 215	42 060 525
Non-current liabilities	-	28 902 384	-	-	28 902 384
Total segment liabilities	-	66 645 694	-	4 317 215	70 962 909
Total liabilities as per Statement of financial Position					70 962 909

2022

	Community and Social Services	Governance and Administration	Planning and Development	Trading Services	Total
Revenue					
Revenue from exchange transactions	1 658 845	1 289 038	640 894	24 598 798	28 187 575
Revenue from non- exchange transactions	6 413 774	54 886 289	12 882 484	-	74 182 547
Interest revenue	-	576 249	-	-	576 249
Gains and Losses	-	-	1 408 501	-	1 408 501
Total segment revenue	8 072 619	56 751 576	14 931 879	24 598 798	104 354 872
Entity's revenue					104 354 872

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Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

Expenditure					
Bulk Purchases	-	-	-	16 733 578	16 733 578
Contracted Services	5 091 059	7 133 765	547 260	624 008	13 396 092
Depreciation and amortisation	796 270	1 408 869	4 893 236	2 468 245	9 566 620
Employee related costs	10 282 872	16 476 026	10 172 560	3 814 068	40 745 526
Finance costs	-	1 768 860	-	-	1 768 860
Inventory consumed	600 261	(1 592 589)	272 621	719 707	-
Operating leases	-	84 703	-	-	84 703
Operational expenses	1 137 656	18 989 930	569 502	83 425	20 780 513
Remuneration of councillors	-	3 924 880	-	-	3 924 880
Construction Expenses	-	10 485 649	-	-	10 485 649
Total segment expenditure	17 908 118	58 680 093	16 455 179	24 443 031	117 486 421
Total segmental surplus/(deficit)					(13 131 549)
Assets					
Current assets	-	21 222 598	-	-	21 222 598
Non-current assets	(955 082)	98 076 291	28 740 736	23 994 138	149 856 083
Total segment assets	(955 082)	119 298 889	28 740 736	23 994 138	171 078 681
Total assets as per Statement of financial Position					171 078 681
Liabilities					
Current liabilities	-	(34 492 706)	1 020 902	(172 926)	(33 644 730)
Non-current liabilities	-	(24 009 697)	-	-	(24 009 697)
Total segment liabilities	-	(58 502 403)	1 020 902	(172 926)	(57 654 427)
Total liabilities as per Statement of financial Position					(57 654 427)

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

56. Budget differences

Material differences between budget and actual amounts

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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56. Budget differences (continued)

Reasons for all variances in excess of 10% has been provided below.

Other Revenue: Revenue from sale of property was refunded back to customer who was not able to pay in time

Operational Revenue: Operational revenue was not budgeted for.

Rental of facilities: Under-budgeted and more rental was received from game park

Interest earned: Balele grant funds received and unspent lead to an increase in interest revenue.

Licences and Permits: Greater number of customers applied for Licences and Permits

Gain on biological assets: Not budgeted for.

Property Rates: Municipality anticipated that the community would build more housing because of the sites which were sold in prior years which did not materialise.

Property rates-penalties imposed: Not budgeted for.

Government Grants & Subsidies: Grants are based on DORA allocations except for the Balele Game Project Grant which was not gazetted but received.

Fines, penalties and forfeits: Over-budgeted

Debt Impairment: Under-budgeted.

Depreciation and amortisation: Under- budgeted. In addition impairment was not budgeted for.

Finance Charges: Municipality is struggling financially and we were not able to pay suppliers in time. The non-cash element of finance costs relating to the provision for the landfill site is also included in the actual figure and was not budgeted for.

Lease on operating rentals: Under-budgeted.

Inventory consumed: Incorrectly budgeted for.

Contracted services: Municipality did not have sufficient funds to spend on contracted services

General expenses: Under budgeted for.

Actuarial loss: Actuarial loss not budgeted for. Relates to the loss on the post employee benefit valuation.

Loss on disposal of assets: Not budgeted for.

57. Going Concern

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern.

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The municipality's current liabilities exceed its current assets by R24 570 425. (2022: R12 422 132). The municipality has a net deficit of R24 530 272 (2022: R13 131 549). The municipality's cash and cash equivalents were R2 924 181 (2022: R2 956 639) which is not sufficient to cover the current liabilities of the municipality. Unspent grants is not cashed backed.

The collection rate has improved slightly however there is still a risk that all the outstanding debtors will not be collected. Over the next 12 months the municipality is still committed to ensure that the expenditure is kept within the funded and approved budget as per the budget funding plan approved by council.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to bill for rates and other services. In addition Provincial and National Government has neither the intention nor the need to liquidate the municipality or curtail the scale of the municipal funding and operations.



AUDITOR-GENERAL
SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

Emadlangeni Local Municipality

For the year ended 30 June 2023

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the Council on Emadlangeni Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Emadlangeni Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Emadlangeni Local Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act No. 56 of 2003 (MFMA) and Division of Revenue Act No. 5 of 2022 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified with respect to this matter.
7. As disclosed in note 57 to the financial statements, the municipality incurred a net deficit of R24,53 million during the year ended 30 June 2023, and as of that date, the municipality's current liabilities exceeded its current assets by R24,57 million. These events or conditions, along with other matters as set forth in the aforementioned note, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified with respect to these matters.

Material impairment – Consumer debtors

9. As disclosed in note 14 to the financial statements, the municipality made an allowance of R12,38 million for the impairment of consumer debtors (2021-22: R11,69 million) as the recoverability of these amounts was considered to be doubtful.

Underspending of conditional grants

10. As disclosed in note 16 to the financial statements, the municipality unspent on all its conditional grants by R5,92 million (2021-22: R1,28 million). The majority of this amount is related to the underspending on the Balele grant of R5,10 million. This was mainly due to the majority of the grant being received towards the end of the financial year and thus municipality was unable to fully utilise the grant.

Material losses – Electricity

11. As disclosed in note 40 to the financial statements, the municipality incurred material electricity losses of R3,87 million (2021-22: R4,33 million), which represents 39% (2021-22: 37%) of total electricity purchases. The losses were mainly due to aging electricity network infrastructure and illegal connections.

An uncertainty relating to the future outcome of contingencies

12. As disclosed in note 47 to the financial statements, the municipality is defending various litigation and claim cases against it. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Restatement of corresponding figures

13. As disclosed in note 49 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2022.

Other matters

14. I draw attention to the matter below. My opinion is not modified with respect to this matter.

Unaudited disclosure note

15. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the Accounting officer for the financial statements

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA and Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
17. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

18. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the annual performance report

20. In accordance with the Public Audit Act No. 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
21. I selected the following material performance indicators related to the basic service delivery and infrastructure development key performance area (KPA) presented in the annual performance report for the year ended 30 June 2023. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community, or public interest.
 - Number of households connected through rural electrification at Jiyane Ward 3
 - Number of households connected through rural electrification at Nhlazadolo Ward 6
 - Number of households connected through rural electrification at KwaNtaba Phase 3 Ward 4
 - Number of households connected through rural electrification at Kaarport Phase 3 Ward 4
 - Number of households connected through rural electrification at Ndwakazana Ward 4
 - Number of households connected through rural electrification at Wit Umfolozi Phase 2 Ward 6
 - Number of households connected through rural electrification at KwaNzima Ward 3

- Number of households connected through rural electrification at Estilenga (1) Ward 6
- Number of households connected through rural electrification at Estilenga (2) Ward 3
- 0,7 KMs of paved municipal road which has been resurfaced to surfaced road, Kerk Street phase 3, Ward 2
- 0,4 km's of paved municipal road which has been resurfaced to surfaced road, Kerk Street phase 2, Ward 2
- 0,15 KMs of paved municipal road which has been resurfaced to surfaced road, Loop street, Ward 2
- 100% maintenance of 60 km of roads in all six (6) wards
- Number of job opportunities created under EPWP
- Number of capacity building interventions for local entrepreneurs and SMMEs provided
- Refurbishment of Balele Game Park
- Number of lightening conductors purchased
- Number of formal households, business and government areas with access to refuse removal

22. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery of its mandate and objectives.

23. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time-bound, and measurable to ensure that it is easy to understand what should be delivered and by when the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and measures taken to improve performance.

24. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

25. I did not identify any material findings on the reported performance information for the selected indicators.

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. The annual performance report includes information on reported achievements against planned targets and provides the measures taken to improve performance.

Material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for the "basic service delivery and infrastructure development" KPA. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

29. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management, and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

30. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

31. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

32. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Financial statements

33. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue from exchange transactions, expenditure, and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

34. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
35. Reasonable steps were not taken to prevent irregular expenditure amounting to R25,42 million as disclosed in note 52 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by procurement processes not being followed and payments made in relation to expired contracts. The majority of the irregular expenditure was incurred on electrification projects.
36. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R0,37 million, as disclosed in note 51 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments to suppliers.
37. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R28,68 million, as disclosed in note 48 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on budgeted expenditure for employee and related costs, debt impairment, depreciation and amortisation, finance costs, other expenditure, and loss on disposal of assets.

Procurement and contract management

38. Some goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by Regulation 19(a) of the Municipal Supply Chain Regulations (SCM Regulations). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was reported in the prior year. This non-compliance was identified in the procurement processes for various electrification projects.
39. Some goods or services procured under contracts secured by other organs of state were not procured in accordance with SCM Regulation 32, as there were no demonstrable benefits and discounts for participating in these contracts. This non-compliance was identified in the procurement processes for various electrification projects.
40. Some goods or services procured under contracts secured by other organs of state were not procured in accordance with SCM Regulation 32, as the other organ of state and the provider did not consent to such procurement in writing. This non-compliance was identified in the procurement processes for various electrification projects.
41. Some goods or services procured under contracts secured by other organs of state were not procured in accordance with SCM Regulation 32, as the prices paid were not the same as the original contract. This non-compliance was identified in the procurement processes for various electrification projects.

Other information in the annual report

42. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report, and those selected material indicators in the selected KPA presented in the annual performance report that have been specifically reported on in this auditor's report.
43. My opinion on the financial statements, the report on the audit of the annual performance report, and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
44. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
45. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

46. I considered internal control relevant to my audit of the financial statements, annual performance report, and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
47. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
48. Management did not respond with the required urgency to our consistent messages about addressing risks and improving internal controls regarding credible and accurate financial and performance reporting. Whilst management had mechanisms in place, this has not had the desired impact of discouraging unauthorised, irregular and fruitless and wasteful expenditure.
49. Leadership and senior management must deal decisively with poor performance through its performance management system and by enforcing consequence management for legislative transgressions. Each role player in the accountability ecosystem must play their part in improving municipality's financial viability, audit outcomes and ultimately impacting the lived experiences of the community.

Other reports

50. I draw attention to the following engagements conducted by the South African Police Service (SAPS). This reports does not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
51. SAPS is currently investigating payments made by the then-chief financial officer (CFO) for services rendered in 2019 as well as for corruption and maladministration (Utrecht CAS31/1/2019). The municipality has completed its internal investigation and disciplinary processes were undertaken. However, the criminal investigation against the former CFO is currently ongoing at the date of this report.

Auditor-General

Pietermaritzburg

29 November 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraphs (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Audit Action Plan

Name of Municipality: Emadlangeni Local Municipality
 Document: Audit Action plan - Audit Report
 Financial year: 2023-2024
 Audit Opinion: Unqualified with Emphasis of Matter

Status Snapshot

Legend	
Outstanding	1
In progress	5
Completed	0

No.	Financial statement line item	Detailed Finding	AFS Statement Section	Value	Action to be taken	Responsible Person(s)	Name of Staff Member	Due Date	Status	List the Evidence collected / prepared for inclusion in Audit File: Working	Status to date
1	Material Impairment - Consumers Debtors	As disclosed in notes 14 to the financial statements, the Municipality made an allowance of R12,5 million for the impairment of consumer debtors (2021-22, R11, 69 million) as the recoverability of these amounts was considered to be doubtful.		R12,5 000 000.	<ol style="list-style-type: none"> To conduct the Data cleansing exercise to ensure all customer details are accurately updated. Findings of the exercise will be taken to Council for all irrecoverable debts to be written off. To enhance the existing billing communication and debt collection methods: <ul style="list-style-type: none"> To implement processes of issuing sms and emails twice a month to municipal customers. Other customer incentives to encourage payments of outstanding amounts. 	Finance Manager Revenue Accountant CFO	Sobamandla Simelane Noboko Nene Philiwise Shole	30/04/2024		<ol style="list-style-type: none"> Data cleansing exercise is currently on ongoing and is anticipated to be completed by 30 June 2024. CFO to finalise the email and sms option with current service provider (CCS), consider all available communication methods and make a decision. The customer incentives/ debt collection item has been prepared and will be tabled in the next Portfolio Committee. 	
2	Unexpended of Conditional Grants	As disclosed in note 16 to the financial statements, the Municipality unspent on all its conditional grants by R5,92 million (2021-22, R1,26 million). The Majority of this amount is related to the unexpended on the Balele grant of R5, 10 million. This was mainly due to the majority of the grant being received towards the end of financial year and thus Municipality was unable to fully utilise the grant.		R5, 92 000 000	<ol style="list-style-type: none"> A project plan detailing the Refurbishment of the Balele Game Park will be developed for purposes of clearly defining the end goal and the planned processes that will aid in achieving the target and developing technical indicator descriptions. The planned processes will be aligned to the status of the grant, incorporating both the budgetary amounts and outstanding renovations. A top-down planning approach that filters across the strategic, functional and operational levels will be implemented to ensure that all organisational processes, particularly the cross-cutting processes that require the synergies of various departments, are adequately considered. Quarterly monitoring processes of the organisational scorecard will be incorporated into the Management Committee meetings. At the commencement of each quarter, the quarterly targets of each department will be reviewed during MANCO meetings to establish 	Manager LED Director Infrastructure and planning development	Simosakhe Makhaye Simphwe Nkwanana	30-Jun		<ol style="list-style-type: none"> The LED Department has been working with the consultants to finalise the design for the Balele Project. Once the design has been finalised and approved, the plan will be developed. A meeting was held on 13 with and the design for the Balele project were approved. SCM Manager on behalf of the CFO attended a meeting with EDTA, to finalize the department in respect of challenges faced by the BTO Office regarding the under expenditure of the grant, request accelerated internal processes that will result in the complete expenditure of the grant. 	

1. Some goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by the Regulation 19(a) of the Municipal Supply Chain Regulations (SCM regulations). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(L). Similar non-compliance was reported in the prior year. This non-compliance was identified in the procurement processes for various electrification projects.

2. Some good and services procured under contracts secured by other organs of state were not procured in accordance with SCM regulation 32, as there were no demonstrable benefits and discounts for participating in these contracts.

3. Some goods or services procured under contracts secured by other organs of state and the provider did not consent to such procurement in writing. This non-compliance was identified in the procurement processes for various electrification projects.

4. Some goods and services procured under the contracts secured by other organs of state were not procured in accordance with SCM regulations 32, as the prices paid were not the same as the original contract. This non-compliance was identified in the procurement process for various electrification projects.

Procurement and Contract Management

<p>1. Management will ensure strict adherence to the SCM Policy and Regulations by ensuring that:</p> <ul style="list-style-type: none"> - For all bids above R200 000, competitive bidding is implemented. - Cost / benefit analysis will be conducted prior to the appointment of Regulations 32 contracts. - All Regulation 32 appointments will be supported by written consent obtained from the other organ of state. 	<p>Thobeka Madondo Phylliswe Shole</p>	<p>30-Jun</p>	<p>1. Management is ensuring strict adherence to SCM policy and regulations. 2. Currently there are no plans to enter into a regulation 32 contract, however should the management be left with no option but to enter into such a contract, the requirements of the Policy and the regulations will be strictly adhered to.</p>
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Preparer:
 Full Name of Municipal Official: Ntsheliso Ndaba
 Designation: Senior Internal Auditor
 Signature: _____
 Date Submitted: _____

Approver:
 Full Name of Municipal Official: _____
 Designation: _____
 Signature: _____
 Date Submitted: _____